

Fund name reference table

This table is included to assist you in locating the funds you have invested in. This will enable you to match the name as shown in your annual statement or information folder and the legal name of the fund as shown in these financial statements.

Common name

Legal name

Funds managed by Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Portfolio Funds

Advanced Income Portfolio

Advanced Income Portfolio Fund 15.07G

Advanced Portfolio

Advanced Portfolio Fund 7.04G

Aggressive Portfolio

Aggressive Portfolio Fund 7.05G

Balanced Income Portfolio

Balanced Income Portfolio Fund 15.06G

Balanced Portfolio

Balanced Portfolio Fund 7.03G

Canadian Equity Portfolio

Canadian Equity Portfolio Fund 9.13G

Conservative Income Portfolio

Conservative Income Portfolio Fund 15.04G

Conservative Portfolio

Conservative Portfolio Fund 7.01G

Diversified Fixed Income Portfolio

Fixed Income Portfolio Fund 9.15G

Global Equity Portfolio

Global Equity Portfolio Fund 9.14G

Moderate Income Portfolio

Moderate Income Portfolio Fund 15.05G

Moderate Portfolio

Moderate Portfolio Fund 7.02G

Managed Fund Solutions

CI Balanced Income

Balanced Income Fund 18.01CI

Core Balanced

Core Balanced Fund 18.02G

Core Balanced Growth Plus

Core Balanced Growth Plus Fund 18.03G

Core Conservative Growth

Core Conservative Growth Fund 18.04G

Core Moderate

Core Moderate Fund 18.05G

Core Moderate Growth Plus

Core Moderate Growth Plus Fund 18.06G

Fidelity Balanced Income

Balanced Income Fund 18.14F

Fidelity Moderate Growth

Moderate Growth Fund 18.15F

Fidelity Moderate Income

Moderate Income Fund 18.16F

Franklin Templeton Balanced Income

Balanced Income Fund 18.07TE

Franklin Templeton Moderate Growth

Moderate Growth Fund 18.08TE

Franklin Templeton Moderate Income

Moderate Income Fund 18.09TE

Mackenzie Balanced

Balanced Fund 18.10MF

Mackenzie Balanced Income

Balanced Income Fund 18.11MF

Mackenzie Moderate Growth

Moderate Growth Fund 18.12MF

Mackenzie Moderate Income

Moderate Income Fund 18.13MF

Funds managed by Canada Life Investment Management Ltd.

Long Term Bond

Long Term Bond Fund 18.53PIM

Mortgage

Mortgage Investment Fund No. 1

Real Return Bond

Real Return Bond Fund 18.52PIM

Funds managed by GWL Realty Advisors Inc.

Real Estate

Canadian Real Estate Investment Fund No. 1

Funds managed AGF Funds Inc.

American Growth

American Growth Fund 8.05A

Canadian Small Cap Growth

Growth Equity Fund 6.08A

Funds managed by Beutel, Goodman & Company Ltd.

Canadian Focused Value

North American Equity Fund 6.11B

Canadian Value Balanced

Balanced Fund 6.12B

Funds managed by Bissett Investment Management

Canadian Stock

Equity Fund 6.14BST

Funds managed by Brandywine Global Investment Management

Global Bond

International Bond Investment Fund No. 1

Funds managed by Canada Life Asset Management Limited

Far East Equity

Asian Growth Fund 8.06A

Common name**Legal name****Funds managed by Foyston, Gordon & Payne Inc.**

Canadian Value

Canadian Value Fund 8.03AT

Funds managed by Invesco Ltd.

Canadian Premier Balanced

Balanced Fund 6.04AT

Funds managed by Irish Life Investment Managers

Global Low Volatility

Canadian Opportunity Fund 8.04M

Funds managed by JP Morgan Asset Management (Canada) Inc.

International Equity

International Equity Fund 13.01JPMF

International Growth

International Opportunity Fund 8.07JPMF

Sustainable Conservative Portfolio

Growth & Income Fund 6.10A

Funds managed by Mackenzie Investments

Canadian Bond

Canadian Bond Investment Fund No. 1

Canadian Core Bond

Bond Fund 6.16L

Canadian Core Dividend

Dividend Fund 18.23L

Canadian Core Plus Bond

Enhanced Bond Fund 15.03LAK

Canadian Corporate Bond

Corporate Bond Fund 18.51PIM

Canadian Diversified Balanced

Canadian Diversified Investment Fund No. 1

Canadian Dividend

Dividend Fund 9.10M

Canadian Focused Dividend

Dividend Fund 8.01G

Canadian Focused Growth

Equity Growth Fund 9.12M

Canadian Focused Stock

Equity Fund 6.02M

Canadian Growth

Canadian Equity Investment Fund No. 3

Canadian Growth Balanced

Canadian Equity/Bond Investment Fund No. 1

Canadian Income

Income Investment Fund No. 1

Canadian Small-Mid Cap

Mid Cap Canada Fund 8.02G

Canadian SRI Equity

Ethics Fund 9.02G

Canadian Stock Balanced

Growth & Income Fund 6.05M

Emerging Markets Equity

Emerging Markets Fund 9.09SC

Equity Index

Canadian Equity Index Fund

Floating Rate Income

Floating Rate Income Fund 18.56MF

Foreign Equity

Global Fund 9.06SC

Global Balanced

Global Balanced Fund 18.29MF

Global Infrastructure

Global Infrastructure Equity Fund 18.31L

Global Monthly Income

Global Monthly Income Fund 18.69L

Global Resources

Canadian Resources Fund 6.07A

Global Small-Mid Cap Growth

Smaller Company Fund 6.03M

Government Bond

Government Bond Investment Fund No. 1

Income

Income Fund 6.06M

International Stock

Pacific Fund 9.08SC

Money Market

Canadian Money Market Investment Fund No. 1

Monthly Income

Monthly Income Fund 18.57L

North American High Yield Fixed Income

North American High Yield Bond Fund 18.54MF

Science and Technology

Science and Technology Fund 9.01G

Short-Term Bond

Short Term Bond Fund 18.50PIM

Strategic Income

Balanced Fund 9.11M

U.S. Dividend

U.S. Dividend Fund 18.55L

U.S. Growth

U.S. Equity Investment Fund No. 3

U.S. Mid Cap Growth

U.S. Mid Cap Fund 9.03G

U.S. Value Stock

U.S. Value Fund 15.01L

Unconstrained Fixed Income

Global Unconstrained Fund 18.61MF

Funds managed by Putnam Investments, LLC

EAFE Equity

International Equity Investment Fund No. 1

U.S. Low Volatility

U.S. Low Volatility Fund 18.58P

U.S. Value

U.S. Value Fund 18.60P

Funds managed by Setanta Asset Management Limited

European Equity

European Equity Fund 8.08SAM

Global All Cap Equity

Global Equity Fund 15.02SAM

Global Dividend

Global Dividend Fund 18.59SAM

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

DIVIDEND FUND 18.23L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Dividend Fund 18.23L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Dividend Fund 18.23L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 508	\$ 796
Investment income due and accrued	210	177
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	44,937	39,632
Investment fund units	—	—
Total investments	44,937	39,632
Total assets	\$ 45,655	\$ 40,605
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	113	60
Due to brokers	45	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	158	60
Net assets attributable to contractholders	\$ 45,497	\$ 40,545

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 11,821	\$ (1,361)
Miscellaneous income (loss)	3	1
Total income	11,824	(1,360)
Expenses		
Management fees (note 7)	371	337
Transaction costs	6	12
Withholding taxes	—	—
Other	27	24
Total expenses	404	373
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 11,420	\$ (1,733)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 40,545	\$ 47,661
Contractholder deposits	2,915	1,803
Contractholder withdrawals	(9,383)	(7,186)
Increase (decrease) in net assets from operations attributable to contractholders	11,420	(1,733)
Change in net assets attributable to contractholders	4,952	(7,116)
Net assets attributable to contractholders - end of year	\$ 45,497	\$ 40,545

Dividend Fund 18.23L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 11,420	\$ (1,733)
Adjustments		
Realized (gains) losses	(1,403)	1,204
Unrealized (gains) losses	(8,772)	2,016
Gross proceeds of disposition of investments	8,542	11,266
Gross payments for the purchase of investments	(3,672)	(6,837)
Change in investment income due and accrued	(33)	9
Change in due from/to The Canada Life Assurance Company	53	19
Change in due from/to brokers	45	—
	<u>6,180</u>	<u>5,944</u>
Financing Activities		
Contractholder deposits	2,915	1,803
Contractholder withdrawals	(9,383)	(7,186)
	<u>(6,468)</u>	<u>(5,383)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(288)	561
Cash, short-term deposits and overdrafts, beginning of year	796	235
Cash, short-term deposits and overdrafts, end of year	\$ 508	\$ 796
Supplementary cash flow information		
Dividend income received	\$ 1,613	\$ 1,866

Dividend Fund 18.23L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	44,047	2,435	2,899
Rogers Communications Inc. Class B non-voting	14,602	836	879
TELUS Corp.	77,592	1,702	2,311
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	1,496	263	271
Magna International Inc.	8,368	590	856
Restaurant Brands International Inc.	9,498	743	728
Consumer Staples			
Alimentation Couche-Tard Inc.	15,222	520	807
Empire Co. Ltd. Class A non-voting	16,461	488	634
George Weston Ltd.	11,373	1,131	1,668
Loblaw Companies Ltd.	4,965	280	515
Saputo Inc.	11,143	425	318
Energy			
Canadian Natural Resources Ltd.	14,770	550	789
Enbridge Inc. [CAD]	35,316	1,637	1,745
Hydro One Ltd.	13,536	291	445
Suncor Energy Inc.	42,018	1,652	1,330
TC Energy Corp.	22,610	1,354	1,330
Financials			
Bank of Montreal	26,740	2,372	3,642
Brookfield Asset Management Inc.	8,276	420	632
Canadian Imperial Bank of Commerce	20,355	2,154	3,001
CI Financial Corp.	15,280	360	404
Manulife Financial Corp.	42,988	915	1,036
National Bank of Canada	6,396	343	617
Royal Bank of Canada	28,201	2,458	3,787
Sun Life Financial Inc.	23,679	1,057	1,667
The Bank of Nova Scotia	41,519	2,879	3,719
The Toronto-Dominion Bank	39,436	2,464	3,826
Industrials			
Canadian National Railway Co.	7,212	772	1,121

Dividend Fund 18.23L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Canadian Pacific Railway Ltd.	4,521	410	411
Materials			
Agnico Eagle Mines Ltd.	7,151	536	480
Barrick Gold Corp.	8,071	262	194
Nutrien Ltd. [CAD]	11,683	701	1,111
Real Estate			
Boardwalk REIT	10,833	302	594
First Capital REIT	23,182	479	437
Utilities			
Capital Power Corp.	10,599	248	418
Fortis Inc.	5,161	214	315
Total Canadian Common Stock		34,243	44,937
Total Stocks		34,243	44,937
Transaction Costs (see notes to financial statements (note 2))		(19)	
Total Investments		34,224	44,937

Dividend Fund 18.23L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Dividend Fund 18.23L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 57	\$ 57	\$ 1
Total	\$ —	\$ 57	\$ 57	\$ 1
As Percent of Net Assets Attributable to Contractholders			0.1%	

*Includes both monetary and non-monetary instruments

Dividend Fund 18.23L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 14	\$ 14	\$ —
Total	\$ —	\$ 14	\$ 14	\$ —
As Percent of Net Assets Attributable to Contractholders			—%	

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$449 (\$396 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 44,937	\$ —	\$ —	\$ 44,937
Total assets measured at fair value	\$ 44,937	\$ —	\$ —	\$ 44,937

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 39,632	\$ —	\$ —	\$ 39,632
Total assets measured at fair value	\$ 39,632	\$ —	\$ —	\$ 39,632

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Dividend Fund 18.23L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	3,095	3,118	3,689	4,412	4,811	915	699	852	877	1,045
75/75 guarantee policy	370,143	415,299	488,460	500,301	152,684	5,674	4,948	6,147	5,557	1,901
75/100 guarantee policy	186,422	186,254	232,191	207,166	78,373	2,839	2,207	2,909	2,293	973
100/100 guarantee policy	14,965	23,057	25,708	15,355	2,326	223	269	318	168	29
PS1 75/75 guarantee policy	316,814	370,435	439,586	448,747	335,474	4,995	4,519	5,639	5,059	4,219
PS1 75/100 guarantee policy	172,630	145,641	157,291	109,783	32,712	2,685	1,757	1,999	1,229	409
PS1 100/100 guarantee policy	3,345	4,774	5,102	5,435	—	51	57	64	60	—
PS2 75/75 guarantee policy	351,366	356,742	434,577	371,782	111,888	6,315	4,859	6,095	4,488	1,475
PS2 75/100 guarantee policy	97,452	73,978	118,100	77,671	26,467	1,751	1,008	1,656	937	349
PS2 100/100 guarantee policy	12,260	9,999	10,852	11,441	10,515	220	136	152	138	139
PS 75/75 guarantee policy	79,036	100,734	76,949	11,958	—	1,004	984	786	107	—
PS 75/100 guarantee policy	434	1,910	2,639	703	—	5	19	27	6	—
PPS 75/75 guarantee policy	132,824	113,437	154,852	63,550	—	1,714	1,121	1,591	568	—
PPS 75/100 guarantee policy	21,321	25,837	28,418	—	—	273	254	291	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	295.84	224.25	231.00	198.88	217.23	71.59	(6.75)
75/75 guarantee policy	15.33	11.91	12.58	11.11	12.45	3.42	(0.67)
75/100 guarantee policy	15.23	11.85	12.53	11.07	12.42	3.38	(0.68)
100/100 guarantee policy	14.92	11.65	12.36	10.95	12.33	3.27	(0.71)
PS1 75/75 guarantee policy	15.77	12.20	12.83	11.27	12.58	3.57	(0.63)
PS1 75/100 guarantee policy	15.55	12.06	12.71	11.19	12.52	3.49	(0.65)
PS1 100/100 guarantee policy	15.25	11.86	12.54	11.08	—	3.39	(0.68)
PS2 75/75 guarantee policy	17.97	13.62	14.02	12.07	13.18	4.35	(0.40)
PS2 75/100 guarantee policy	17.97	13.62	14.02	12.07	13.18	4.35	(0.40)
PS2 100/100 guarantee policy	17.97	13.62	14.02	12.07	13.18	4.35	(0.40)
PS 75/75 guarantee policy	12.71	9.77	10.21	8.92	—	2.94	(0.44)
PS 75/100 guarantee policy	12.66	9.74	10.19	8.91	—	2.92	(0.45)
PPS 75/75 guarantee policy	12.91	9.88	10.28	8.94	—	3.03	(0.40)
PPS 75/100 guarantee policy	12.81	9.83	10.24	—	—	2.98	(0.41)

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Dividend Fund 18.23L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Dividend Fund 18.23L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.54	2.54	2.53	2.60	2.60
75/100 guarantee policy	2.65	2.65	2.64	2.71	2.69
100/100 guarantee policy	2.97	2.97	2.96	3.03	3.04
PS1 75/75 guarantee policy	2.09	2.09	2.08	2.15	2.12
PS1 75/100 guarantee policy	2.30	2.30	2.30	2.36	2.34
PS1 100/100 guarantee policy	2.63	2.62	2.62	2.69	—
PS 75/75 guarantee policy	1.47	1.46	1.46	1.50	—
PS 75/100 guarantee policy	1.58	1.57	1.58	1.61	—
PPS 75/75 guarantee policy	1.02	1.02	1.01	1.04	—
PPS 75/100 guarantee policy	1.23	1.23	1.23	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	8.54	16.91	14.91	6.18	11.14

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL BALANCED FUND 18.29MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Balanced Fund 18.29MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Balanced Fund 18.29MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 39
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	135	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	34,221	26,698
Total investments	34,221	26,698
Total assets	\$ 34,356	\$ 26,737
Liabilities		
Overdrafts	\$ 134	\$ —
Due to The Canada Life Assurance Company (note 8)	36	11
Due to brokers	—	11
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	170	22
Net assets attributable to contractholders	\$ 34,186	\$ 26,715

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,871	\$ 2,254
Miscellaneous income (loss)	—	—
Total income	2,871	2,254
Expenses		
Management fees (note 8)	649	474
Other	61	43
Total expenses	710	517
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,161	\$ 1,737

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 26,715	\$ 25,094
Contractholder deposits	9,926	2,355
Contractholder withdrawals	(4,616)	(2,471)
Increase (decrease) in net assets from operations attributable to contractholders	2,161	1,737
Change in net assets attributable to contractholders	7,471	1,621
Net assets attributable to contractholders - end of year	\$ 34,186	\$ 26,715

Global Balanced Fund 18.29MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,161	\$ 1,737
Adjustments		
Realized (gains) losses	(436)	(140)
Unrealized (gains) losses	269	(81)
Gross proceeds of disposition of investments	36,572	6,362
Gross payments for the purchase of investments	(41,224)	(5,688)
Distribution income of underlying mutual fund	(2,704)	(2,033)
Change in due from/to The Canada Life Assurance Company	25	(8)
Change in due from/to brokers	(146)	21
	<u>(5,483)</u>	<u>170</u>
Financing Activities		
Contractholder deposits	9,926	2,355
Contractholder withdrawals	(4,616)	(2,471)
	<u>5,310</u>	<u>(116)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(173)	54
Cash, short-term deposits and overdrafts, beginning of year	39	(15)
Cash, short-term deposits and overdrafts, end of year	\$ (134)	\$ 39

Global Balanced Fund 18.29MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Global Balanced Fund Series S *	1,632,660	32,342	34,221
Total Investments		32,342	34,221

Top 25 Holdings

Security Description	% of Total
Reckitt Benckiser Group PLC	2.91%
The Procter & Gamble Co.	2.76%
Cash and short-term deposits	2.76%
Admiral Group PLC	2.72%
Danaher Corp.	2.57%
Microsoft Corp.	2.32%
Compass Group PLC	2.29%
The TJX Companies Inc.	2.29%
Johnson & Johnson Inc.	2.29%
Brookfield Asset Management Inc.	2.20%
Koninklijke Philips NV	2.16%
Seven & I Holdings Co. Ltd.	2.13%
Alphabet Inc. Class A	2.08%
RELX PLC	2.03%
Comcast Corp. Class A	1.95%
Visa Inc. Class A	1.94%
People's Republic of China 3.27% 11-19-2030	1.87%
Amcor PLC	1.86%
Amphenol Corp. Class A	1.83%
Roche Holding AG Genusscheine	1.77%
Becton, Dickinson and Co.	1.76%
SAP SE	1.69%
Colgate Palmolive Co.	1.68%
Nestle SA	1.66%
Accenture PLC Class A	1.54%

*The issuer of this security is a related company to the issuer of the Fund.

Global Balanced Fund 18.29MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	339,862	299,926	292,022	261,226	183,853	7,654	6,371	5,672	4,626	3,279
75/100 guarantee policy	306,034	295,964	376,757	407,781	235,051	6,817	6,232	7,270	7,190	4,181
100/100 guarantee policy	9,259	7,530	9,522	5,467	6,795	203	156	181	95	120
PS1 75/75 guarantee policy	293,073	236,941	228,937	199,987	200,268	6,290	4,785	4,216	3,349	3,367
PS1 75/100 guarantee policy	282,302	190,494	190,199	163,677	118,867	5,965	3,794	3,460	2,712	1,980
PS1 100/100 guarantee policy	7,104	16,445	8,142	10,227	5,162	147	321	146	167	85
PS2 75/75 guarantee policy	54,171	46,216	40,269	42,791	30,884	1,474	1,155	895	844	596
PS2 75/100 guarantee policy	154,607	107,866	91,648	101,926	110,321	4,208	2,695	2,037	2,010	2,130
PS 75/75 guarantee policy	21,791	27,417	25,897	6,085	—	284	333	285	60	—
PS 75/100 guarantee policy	14,393	13,328	12,855	6,025	—	186	161	141	60	—
PPS 75/75 guarantee policy	72,901	58,163	71,640	11,722	—	958	712	791	116	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	22.52	21.24	19.42	17.71	17.84	1.28	1.82
75/100 guarantee policy	22.28	21.06	19.30	17.63	17.79	1.22	1.76
100/100 guarantee policy	21.87	20.70	19.00	17.39	17.57	1.17	1.70
PS1 75/75 guarantee policy	21.46	20.20	18.42	16.75	16.81	1.26	1.78
PS1 75/100 guarantee policy	21.13	19.91	18.19	16.57	16.66	1.22	1.72
PS1 100/100 guarantee policy	20.69	19.54	17.89	16.33	16.45	1.15	1.65
PS2 75/75 guarantee policy	27.22	24.98	22.23	19.72	19.31	2.24	2.75
PS2 75/100 guarantee policy	27.22	24.98	22.23	19.72	19.31	2.24	2.75
PS 75/75 guarantee policy	13.03	12.15	10.99	9.91	—	0.88	1.16
PS 75/100 guarantee policy	12.93	12.09	10.96	9.90	—	0.84	1.13
PPS 75/75 guarantee policy	13.15	12.24	11.04	9.93	—	0.91	1.20

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Balanced Fund 18.29MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Global Balanced Fund 18.29MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Balanced Fund 18.29MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.73	2.73	2.75	2.80	2.84
75/100 guarantee policy	2.95	2.95	2.97	2.96	2.90
100/100 guarantee policy	3.10	3.10	3.12	3.13	3.05
PS1 75/75 guarantee policy	2.49	2.46	2.48	2.48	2.42
PS1 75/100 guarantee policy	2.65	2.62	2.64	2.64	2.57
PS1 100/100 guarantee policy	2.89	2.83	2.86	2.85	2.79
PS 75/75 guarantee policy	1.64	1.64	1.64	1.64	—
PS 75/100 guarantee policy	1.86	1.86	1.86	1.86	—
PPS 75/75 guarantee policy	1.40	1.37	1.37	1.37	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.49	2.49	2.51	2.51	2.45
PS1 75/100 guarantee policy	2.65	2.65	2.67	2.67	2.60
PS1 100/100 guarantee policy	2.89	2.86	2.89	2.88	2.82
PPS 75/75 guarantee policy	1.40	1.40	1.40	1.40	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	114.36	24.72	17.90	12.63	8.86

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL INFRASTRUCTURE EQUITY FUND 18.31L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Infrastructure Equity Fund 18.31L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Infrastructure Equity Fund 18.31L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 1,000
Investment income due and accrued	45	62
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	171	—
Due from outside parties	6	6
Investments		
Bonds	—	—
Stocks	30,328	35,405
Investment fund units	—	—
Total investments	30,328	35,405
Total assets	\$ 30,550	\$ 36,473
Liabilities		
Overdrafts	\$ 105	\$ —
Due to The Canada Life Assurance Company (note 7)	39	10
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	144	10
Net assets attributable to contractholders	\$ 30,406	\$ 36,463

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,304	\$ (2,791)
Miscellaneous income (loss)	21	(98)
Total income	3,325	(2,889)
Expenses		
Management fees (note 7)	210	261
Transaction costs	82	145
Withholding taxes	94	131
Other	23	27
Total expenses	409	564
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,916	\$ (3,453)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 36,463	\$ 44,531
Contractholder deposits	1,045	5,951
Contractholder withdrawals	(10,018)	(10,566)
Increase (decrease) in net assets from operations attributable to contractholders	2,916	(3,453)
Change in net assets attributable to contractholders	(6,057)	(8,068)
Net assets attributable to contractholders - end of year	\$ 30,406	\$ 36,463

Global Infrastructure Equity Fund 18.31L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,916	\$ (3,453)
Adjustments		
Realized (gains) losses	(922)	1,075
Unrealized (gains) losses	(919)	3,184
Gross proceeds of disposition of investments	51,473	43,672
Gross payments for the purchase of investments	(44,555)	(39,006)
Change in investment income due and accrued	17	39
Change in due from/to The Canada Life Assurance Company	29	(8)
Change in due from/to brokers	(171)	—
Change in due from/to outside parties	—	(1)
	<u>7,868</u>	<u>5,502</u>
Financing Activities		
Contractholder deposits	1,045	5,951
Contractholder withdrawals	(10,018)	(10,566)
	<u>(8,973)</u>	<u>(4,615)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,105)	887
Cash, short-term deposits and overdrafts, beginning of year	1,000	113
Cash, short-term deposits and overdrafts, end of year	\$ (105)	\$ 1,000
Supplementary cash flow information		
Dividend income received	\$ 1,480	\$ 1,505

Global Infrastructure Equity Fund 18.31L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Energy			
Enbridge Inc. [CAD]	13,436	642	664
Hydro One Ltd.	9,211	271	303
Pembina Pipeline Corp.	2,428	92	93
TC Energy Corp.	8,669	538	510
Industrials			
Westshore Terminals Investment Corp.	7,044	115	189
Utilities			
ATCO Ltd. Class I non-voting	8,951	343	382
Brookfield Infrastructure Corp.	4,139	342	357
Canadian Utilities Ltd. Class A non-voting	15,387	545	565
Superior Plus Corp.	13,371	175	174
Total Canadian Common Stock		3,063	3,237
United States Common Stock			
Communication Services			
AT&T Inc.	4,984	181	155
Lumen Technologies Inc.	12,093	167	192
Verizon Communications Inc.	6,155	407	405
Consumer Discretionary			
Perdoceo Education Corp.	13,501	189	201
Energy			
Antero Midstream Corp.	11,119	140	136
Cheniere Energy Inc.	2,384	188	305
Equitrans Midstream Corp.	33,224	410	435
Kinder Morgan Inc.	36,041	820	723
ONEOK Inc.	1,253	67	93
Targa Resources Corp.	12,050	630	796
The Williams Companies Inc.	19,072	544	628
Financials			
iShares Global Infrastructure ETF	9,478	569	570

Global Infrastructure Equity Fund 18.31L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
Select Medical Holdings Corp.	2,102	100	78
Tenet Healthcare Corp.	965	83	100
Utilities			
Dominion Energy Inc.	6,502	643	646
DTE Energy Co.	6,513	942	985
Duke Energy Corp.	12,050	1,406	1,599
National Fuel Gas Co.	9,839	702	796
NextEra Energy Inc.	11,335	810	1,339
NRG Energy Inc.	6,696	310	365
PNM Resources Inc.	1,214	75	70
Portland General Electric Co.	8,192	502	548
Southern Co.	2,015	157	175
Total United States Common Stock		10,042	11,340
Global Common Stock			
Australia			
Qube Holdings Ltd.	120,137	326	350
Sydney Airport Authority Unit	116,961	743	934
Transurban Group Stapled Security	99,018	1,149	1,259
Austria			
EVN AG	1,978	72	75
Bermuda			
BW LPG Ltd.	13,841	133	99
Cosco Pacific Ltd.	200,436	209	220
Liberty Latin America Ltd. Class A	8,538	139	126
Shenzhen International Holdings Ltd.	210,079	392	276
Yuexiu Transport Infrastructure Ltd.	114,000	94	85
Brazil			
Companhia de Saneamento Basico do Estado de Sao Paulo	15,670	158	146
China			
Hainan Meilan International Airport Co. Ltd.	17,000	89	66

Global Infrastructure Equity Fund 18.31L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
China (continued)			
Jiangsu Expressway Co. Ltd.	171,108	255	222
Shenzhen Expressway Corp. Ltd.	135,461	165	166
Zhejiang Expressway Co. Ltd.	226,647	231	256
Finland			
Fortum OYJ	7,075	263	273
France			
Aéroports de Paris	779	146	127
Electricite de France SA	6,445	127	96
Engie SA	33,624	647	630
Getlink SE	40,456	799	848
Suez Group	9,870	275	281
Veolia Environnement SA	3,280	112	152
Germany			
E.ON SE	13,249	201	232
Hamburger Hafen und Logistik AG	3,846	102	114
Hong Kong			
China Merchants Holdings International Co. Ltd.	2,000	5	5
Italy			
A2A SPA	255,658	593	629
Atlantia SPA	27,175	734	682
Enav SPA	24,693	150	139
Enel SPA	22,705	193	229
IREN SPA	62,384	232	237
Snam SPA	17,284	124	131
Japan			
Kamigumi Co. Ltd.	8,996	236	215
Nippon Gas Co. Ltd.	9,015	202	151
Nippon Telegraph & Telephone Corp.	3,100	107	107
The Sumitomo Warehouse Co. Ltd.	6,315	115	135
Tokyo Gas Co. Ltd.	18,200	398	414

Global Infrastructure Equity Fund 18.31L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Luxembourg			
Millicom International Cellular SA	3,501	168	125
Marshall Islands			
Dorian LPG Ltd.	6,524	116	105
Mexico			
Grupo Aeroportuario del Centro Norte SAB de CV ADR	1,950	126	132
Grupo Aeroportuario del Pacifico SAB de CV ADR	2,378	364	414
Grupo Aeroportuario del Sureste SAB de CV ADR	1,633	386	426
New Zealand			
Auckland International Airport Ltd.	79,479	484	530
Contact Energy Ltd.	36,592	247	256
Norway			
Telenor ASA	13,622	294	271
Portugal			
Redes Energeticas Nacionais SGPS SA	20,879	76	76
Singapore			
Hutchison Port Holdings Trust Unit	402,872	113	115
Spain			
Acciona SA	727	153	175
Aena SM	3,314	680	662
Iberdrola SA	30,892	339	458
Switzerland			
BKW AG	1,308	181	215
Flughafen Zuerich AG	1,189	255	270

Global Infrastructure Equity Fund 18.31L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom			
Airtel Africa PLC	42,699	97	98
Liberty Global PLC Class A	18,812	642	660
National Grid PLC	4,943	76	90
SSE PLC	20,064	498	566
Total Global Common Stock		15,211	15,751
Total Stocks		28,316	30,328
Transaction Costs (see notes to financial statements (note 2))		(46)	
Total Investments		28,270	30,328

Global Infrastructure Equity Fund 18.31L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Infrastructure Equity Fund 18.31L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Infrastructure Equity Fund 18.31L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 13,464	\$ 13	\$ 13,477	\$ 136
Euro	6,246	—	6,246	62
Australian Dollar	2,543	3	2,546	25
Other Currencies	4,838	—	4,838	48
Total	\$ 27,091	\$ 16	\$ 27,107	\$ 271
As Percent of Net Assets Attributable to Contractholders			89.1%	0.9%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 12,847	\$ 512	\$ 13,359	\$ 133
Euro	8,154	11	8,165	82
Australian Dollar	3,694	94	3,788	38
Japanese Yen	2,579	—	2,579	26
Other Currencies	5,069	124	5,193	52
Total	\$ 32,343	\$ 741	\$ 33,084	\$ 331
As Percent of Net Assets Attributable to Contractholders			90.7%	0.9%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$303 (\$354 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Infrastructure Equity Fund 18.31L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 24,289	\$ 6,039	\$ —	\$ 30,328
Total assets measured at fair value	\$ 24,289	\$ 6,039	\$ —	\$ 30,328

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 16,812	\$ 18,593	\$ —	\$ 35,405
Total assets measured at fair value	\$ 16,812	\$ 18,593	\$ —	\$ 35,405

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Global Infrastructure Equity Fund 18.31L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	126,385	172,375	200,806	183,800	163,439	2,213	2,808	3,683	2,962	2,741
75/100 guarantee policy	78,510	114,819	142,112	113,797	98,325	1,334	1,821	2,546	1,797	1,621
100/100 guarantee policy	4,089	6,076	8,087	12,440	15,782	67	93	140	191	254
PS1 75/75 guarantee policy	126,208	128,986	159,727	155,258	170,177	2,338	2,213	3,071	2,611	2,963
PS1 75/100 guarantee policy	72,213	78,645	80,912	79,037	74,967	1,296	1,311	1,517	1,300	1,281
PS1 100/100 guarantee policy	4,330	6,526	6,526	9,645	9,689	74	105	118	154	162
PS2 75/75 guarantee policy	101,639	124,878	163,817	130,047	103,496	2,390	2,652	3,803	2,576	2,071
PS2 75/100 guarantee policy	58,193	63,834	70,467	64,727	44,665	1,368	1,356	1,636	1,282	894
PS2 100/100 guarantee policy	—	—	—	2,263	2,597	—	—	—	45	52
PS 75/75 guarantee policy	14,270	20,201	23,905	3,226	—	155	202	266	31	—
PS 75/100 guarantee policy	2,651	8,244	4,431	1,508	—	28	82	49	15	—
PPS 75/75 guarantee policy	76,682	74,445	57,566	37,818	—	845	751	644	366	—
PPS 75/100 guarantee policy	243	244	—	—	—	3	2	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.51	16.29	18.34	16.11	16.77	1.22	(2.05)
75/100 guarantee policy	16.99	15.86	17.92	15.79	16.49	1.13	(2.06)
100/100 guarantee policy	16.35	15.31	17.35	15.35	16.07	1.04	(2.04)
PS1 75/75 guarantee policy	18.53	17.16	19.23	16.81	17.41	1.37	(2.07)
PS1 75/100 guarantee policy	17.95	16.67	18.75	16.45	17.09	1.28	(2.08)
PS1 100/100 guarantee policy	17.20	16.05	18.13	15.98	16.68	1.15	(2.08)
PS2 75/75 guarantee policy	23.51	21.24	23.22	19.81	20.01	2.27	(1.98)
PS2 75/100 guarantee policy	23.51	21.24	23.22	19.81	20.01	2.27	(1.98)
PS2 100/100 guarantee policy	—	—	—	19.81	20.01	—	—
PS 75/75 guarantee policy	10.86	10.00	11.13	9.67	—	0.86	(1.13)
PS 75/100 guarantee policy	10.72	9.89	11.05	9.64	—	0.83	(1.16)
PPS 75/75 guarantee policy	11.02	10.09	11.18	9.67	—	0.93	(1.09)
PPS 75/100 guarantee policy	10.89	10.01	—	—	—	0.88	(1.12)

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Infrastructure Equity Fund 18.31L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Global Infrastructure Equity Fund 18.31L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.96	2.95	2.95	3.00	3.07
75/100 guarantee policy	3.29	3.28	3.28	3.29	3.29
100/100 guarantee policy	3.63	3.62	3.62	3.63	3.62
PS1 75/75 guarantee policy	2.49	2.49	2.49	2.50	2.49
PS1 75/100 guarantee policy	2.82	2.82	2.82	2.83	2.82
PS1 100/100 guarantee policy	3.27	3.26	3.27	3.27	3.27
PS 75/75 guarantee policy	1.85	1.84	1.84	1.84	—
PS 75/100 guarantee policy	2.19	2.17	2.18	2.17	—
PPS 75/75 guarantee policy	1.38	1.38	1.38	1.38	—
PPS 75/100 guarantee policy	1.71	1.71	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	139.81	97.27	92.56	85.22	89.43

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FLOATING RATE INCOME FUND 18.56MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Floating Rate Income Fund 18.56MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Floating Rate Income Fund 18.56MF

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	10	56
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	23,754	26,407
Total investments	23,754	26,407
Total assets	\$ 23,764	\$ 26,463
Liabilities		
Overdrafts	\$ 11	\$ 61
Due to The Canada Life Assurance Company (note 8)	30	24
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	41	85
Net assets attributable to contractholders	\$ 23,723	\$ 26,378

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,325	\$ (678)
Miscellaneous income (loss)	—	—
Total income	1,325	(678)
Expenses		
Management fees (note 8)	364	452
Other	36	47
Total expenses	400	499
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 925	\$ (1,177)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 26,378	\$ 38,907
Contractholder deposits	925	516
Contractholder withdrawals	(4,505)	(11,868)
Increase (decrease) in net assets from operations attributable to contractholders	925	(1,177)
Change in net assets attributable to contractholders	(2,655)	(12,529)
Net assets attributable to contractholders - end of year	\$ 23,723	\$ 26,378

Floating Rate Income Fund 18.56MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 925	\$ (1,177)
Adjustments		
Realized (gains) losses	2,635	1,577
Unrealized (gains) losses	(2,821)	1,389
Gross proceeds of disposition of investments	31,784	12,373
Gross payments for the purchase of investments	(27,806)	(493)
Distribution income of underlying mutual fund	(1,139)	(2,288)
Change in due from/to The Canada Life Assurance Company	6	(10)
Change in due from/to brokers	46	(25)
	<u>3,630</u>	<u>11,346</u>
Financing Activities		
Contractholder deposits	925	516
Contractholder withdrawals	(4,505)	(11,868)
	<u>(3,580)</u>	<u>(11,352)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	50	(6)
Cash, short-term deposits and overdrafts, beginning of year	<u>(61)</u>	<u>(55)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (11)</u>	<u>\$ (61)</u>

Floating Rate Income Fund 18.56MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Floating Rate Income Fund Series S *	2,630,297	23,873	23,754
Total Investments		23,873	23,754

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	9.69%
OpenMarket Inc. Term Loan 1st Lien Floating Rate 09-17-2026	1.31%
Garrett LX I SARL Term Loan B 1st Lien Floating Rate 03-05-2028	0.92%
Magenta Buyer LLC Term Loan 1st Lien Floating Rate 05-03-2028	0.91%
Dotdash Meredith Inc. Term Loan B 1st Lien Floating Rate 11-23-2028	0.82%
US Radiology Specialists Inc. Term Loan B 1st Lien Floating Rate 12-15-2027	0.82%
LifeScan Global Corp. Term Loan 1st Lien Floating Rate 06-19-2024	0.77%
Ivanti Software Inc. Term Loan B 1st Lien Floating Rate 11-20-2027	0.77%
Autokiniton US Holdings Inc. Term Loan B 1st Lien Floating Rate 03-26-2028	0.77%
DIRECTV Financing LLC Term Loan 1st Lien Floating Rate 07-22-2027	0.74%
KP Germany Erste GmbH Term Loan B 1st Lien Floating Rate 02-04-2026	0.72%
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien Floating Rate 10-22-2028	0.68%
Plaskolite PPC Intermediate II LLC Term Loan 1st Lien Floating Rate 12-14-2025	0.68%
Think & Learn Private Ltd. Term B 1st Lien Floating Rate 11-05-2026	0.67%
Schweitzer-Mauduit International Inc. Term Loan Floating Rate 02-23-2028	0.67%
Xperi Holding Corp. Term Loan B 1st Lien Floating Rate 06-01-2025	0.65%
Northstar Group Services Inc. Term Loan 1st Lien Floating Rate 11-12-2026	0.65%
AIT Worldwide Logistics Holdings Inc. Term Loan 1st Lien Floating Rate 04-01-2028	0.63%
Mav Acquisition Corp. Term Loan B 1st Lien Floating Rate 07-21-2028	0.62%
ION Trading Finance Ltd. Term Loan B 1st Lien Floating Rate 03-26-2028	0.62%
Astoria Energy LLC Term Loan B 1st Lien Floating Rate 12-04-2027	0.61%
Creation Technologies Inc. Term Loan B 1st Lien Floating Rate 09-24-2028	0.61%
Plaze Inc. Term Loan 1st Lien Floating Rate 08-03-2026	0.61%
Jadex Inc. Term Loan 1st Lien Floating Rate 02-12-2028	0.61%
Alcami Carolinas Corp. Term Loan 1st Lien Floating Rate 07-06-2025	0.60%

*The issuer of this security is a related company to the issuer of the Fund.

Floating Rate Income Fund 18.56MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	335,893	454,373	699,853	736,718	344,412	4,001	5,245	8,257	8,382	3,867
75/100 guarantee policy	528,289	646,857	896,728	1,022,181	564,802	6,249	7,422	10,529	11,586	6,324
100/100 guarantee policy	2,514	8,392	13,733	11,345	5,794	29	95	160	128	64
PS1 75/75 guarantee policy	282,394	271,516	426,050	446,904	293,416	3,506	3,247	5,178	5,206	3,353
PS1 75/100 guarantee policy	323,266	404,554	493,011	566,287	184,511	3,983	4,807	5,959	6,568	2,101
PS1 100/100 guarantee policy	17,175	11,312	11,310	48,634	11,306	209	133	136	560	128
PS2 75/75 guarantee policy	135,729	121,239	233,370	344,389	242,794	1,891	1,600	3,078	4,283	2,913
PS2 75/100 guarantee policy	214,103	224,187	350,756	463,147	283,876	2,982	2,959	4,626	5,760	3,406
PS2 100/100 guarantee policy	—	—	—	—	14,816	—	—	—	—	178
PS 75/75 guarantee policy	22,215	27,995	31,838	2,689	—	233	282	326	26	—
PS 75/100 guarantee policy	19,352	24,347	34,159	17,387	—	202	245	350	171	—
PPS 75/75 guarantee policy	36,746	32,666	29,806	23,263	—	392	334	308	229	—
PPS 75/100 guarantee policy	4,359	890	—	—	—	46	9	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	11.91	11.54	11.80	11.38	11.23	0.37	(0.26)
75/100 guarantee policy	11.83	11.47	11.74	11.33	11.20	0.36	(0.27)
100/100 guarantee policy	11.69	11.36	11.64	11.26	11.14	0.33	(0.28)
PS1 75/75 guarantee policy	12.41	11.96	12.15	11.65	11.43	0.45	(0.19)
PS1 75/100 guarantee policy	12.32	11.88	12.09	11.60	11.39	0.44	(0.21)
PS1 100/100 guarantee policy	12.18	11.77	11.99	11.52	11.33	0.41	(0.22)
PS2 75/75 guarantee policy	13.93	13.20	13.19	12.44	12.00	0.73	0.01
PS2 75/100 guarantee policy	13.93	13.20	13.19	12.44	12.00	0.73	0.01
PS2 100/100 guarantee policy	—	—	—	—	12.00	—	—
PS 75/75 guarantee policy	10.46	10.08	10.25	9.83	—	0.38	(0.17)
PS 75/100 guarantee policy	10.42	10.05	10.23	9.82	—	0.37	(0.18)
PPS 75/75 guarantee policy	10.68	10.23	10.34	9.86	—	0.45	(0.11)
PPS 75/100 guarantee policy	10.64	10.20	—	—	—	0.44	(0.12)

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Floating Rate Income Fund 18.56MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 7 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Floating Rate Income Fund 18.56MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Floating Rate Income Fund 18.56MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.25	2.26	2.25	2.25	2.23
75/100 guarantee policy	2.36	2.37	2.36	2.36	2.34
100/100 guarantee policy	2.54	2.54	2.53	2.52	2.50
PS1 75/75 guarantee policy	1.68	1.66	1.65	1.65	1.64
PS1 75/100 guarantee policy	1.79	1.77	1.76	1.76	1.76
PS1 100/100 guarantee policy	1.95	1.94	1.93	1.91	1.92
PS 75/75 guarantee policy	1.70	1.71	1.69	1.69	—
PS 75/100 guarantee policy	1.81	1.82	1.81	1.80	—
PPS 75/75 guarantee policy	1.13	1.11	1.10	1.10	—
PPS 75/100 guarantee policy	1.23	1.21	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.68	1.68	1.67	1.67	1.66
PS1 75/100 guarantee policy	1.79	1.79	1.78	1.78	1.78
PS1 100/100 guarantee policy	1.95	1.96	1.95	1.93	1.94
PPS 75/75 guarantee policy	1.13	1.13	1.12	1.12	—
PPS 75/100 guarantee policy	1.23	1.23	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	114.90	1.64	11.14	10.05	8.89

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. LOW VOLATILITY FUND 18.58P

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Low Volatility Fund 18.58P (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S Low Volatility Fund 18.58P

(in Canadian \$ thousands)

Fund Manager: Putnam Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 2	\$ 29
Investment income due and accrued	5	5
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	6,626	6,658
Investment fund units	—	—
Total investments	6,626	6,658
Total assets	\$ 6,633	\$ 6,692
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	8	7
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	8	7
Net assets attributable to contractholders	\$ 6,625	\$ 6,685

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,388	\$ 619
Miscellaneous income (loss)	(1)	1
Total income	1,387	620
Expenses		
Management fees (note 7)	122	138
Transaction costs	1	2
Withholding taxes	10	20
Other	13	15
Total expenses	146	175
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,241	\$ 445

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 6,685	\$ 8,133
Contractholder deposits	151	88
Contractholder withdrawals	(1,452)	(1,981)
Increase (decrease) in net assets from operations attributable to contractholders	1,241	445
Change in net assets attributable to contractholders	(60)	(1,448)
Net assets attributable to contractholders - end of year	\$ 6,625	\$ 6,685

U.S Low Volatility Fund 18.58P

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,241	\$ 445
Adjustments		
Realized (gains) losses	(725)	(507)
Unrealized (gains) losses	(560)	28
Gross proceeds of disposition of investments	4,403	6,961
Gross payments for the purchase of investments	(3,086)	(5,014)
Change in investment income due and accrued	—	13
Change in due from/to The Canada Life Assurance Company	1	(3)
Change in due from/to brokers	—	5
	<u>1,274</u>	<u>1,928</u>
Financing Activities		
Contractholder deposits	151	88
Contractholder withdrawals	(1,452)	(1,981)
	<u>(1,301)</u>	<u>(1,893)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(27)	35
Cash, short-term deposits and overdrafts, beginning of year	29	(6)
Cash, short-term deposits and overdrafts, end of year	\$ 2	\$ 29
Supplementary cash flow information		
Dividend income received	\$ 103	\$ 153

U.S. Low Volatility Fund 18.58P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	59	6	5
Alphabet Inc. Class A	100	157	366
Meta Platforms Inc.	77	20	33
News Corp. Class B	2,733	86	78
Take-Two Interactive Software Inc.	9	1	2
The Interpublic Group of Companies Inc.	817	33	39
The Walt Disney Co.	17	3	3
Verizon Communications Inc.	1,460	106	96
Consumer Discretionary			
Amazon.com Inc.	74	233	312
Dollar General Corp.	33	8	10
Domino's Pizza Inc.	66	35	47
Gentex Corp.	1,557	61	69
O'Reilly Automotive Inc.	20	13	18
Polaris Inc.	285	45	40
Service Corp. International	1,339	86	120
Target Corp.	364	89	107
Consumer Staples			
Colgate Palmolive Co.	927	95	100
Costco Wholesale Corp.	126	53	90
McCormick & Co. Inc. non-voting	774	84	95
Mondelez International Inc.	1,189	72	100
The Procter & Gamble Co.	96	11	20
Energy			
Chevron Corp.	144	23	21
Kinder Morgan Inc.	2,742	74	55
The Williams Companies Inc.	1,112	35	37
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	222	130	133
Financials			
American Capital Agency Corp.	224	5	4
Arthur J. Gallagher & Co.	87	12	19

U.S. Low Volatility Fund 18.58P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials (continued)			
Berkshire Hathaway Inc. Class B	460	160	174
Intercontinental Exchange Inc.	650	71	112
JPMorgan Chase & Co.	754	95	151
Loews Corp.	439	28	32
Marsh & McLennan Companies Inc.	136	21	30
Rocket Companies Inc.	2,167	58	38
SVB Financial Group	34	24	29
The Allstate Corp.	466	54	69
The Goldman Sachs Group Inc.	8	2	4
Health Care			
AbbVie Inc.	247	30	42
Agilent Technologies Inc.	67	10	14
Amgen Inc.	94	24	27
Baxter International Inc.	444	39	48
Biogen Inc.	36	13	11
Bristol-Myers Squibb Co.	377	35	30
Cerner Corp.	906	87	106
Charles River Laboratories International Inc.	18	7	9
Eli Lilly and Co.	71	9	25
Humana Inc.	9	5	5
IQVIA Holdings Inc.	40	12	14
Johnson & Johnson Inc.	315	46	68
McKesson Corp.	374	88	118
Merck & Co. Inc.	351	27	34
Mettler-Toledo International Inc.	3	3	6
Moderna Inc.	27	2	9
Pfizer Inc.	702	29	52
Regeneron Pharmaceuticals Inc.	20	16	16
Thermo Fisher Scientific Inc.	34	11	29
United Therapeutics Corp.	16	2	4
Vertex Pharmaceuticals Inc.	46	13	13
Waters Corp.	7	3	3
Zimmer Holdings Inc.	158	32	25
Zoetis Inc.	63	6	19

U.S. Low Volatility Fund 18.58P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
AGCO Corp.	515	87	76
CSX Corp.	1,466	60	70
Deere & Co.	227	99	98
Expeditors International of Washington Inc.	563	71	96
Illinois Tool Works Inc.	188	53	59
Lockheed Martin Corp.	30	15	13
The Toro Co.	448	61	57
Union Pacific Corp.	20	5	6
Waste Management Inc.	338	32	71
Information Technology			
Adobe Inc.	184	100	132
Advanced Micro Devices Inc.	1,013	102	184
Apple Inc.	1,250	77	281
Cisco Systems Inc.	1,628	104	131
Cognizant Technology Solutions Corp.	472	41	53
Dell Technologies Inc.	222	27	16
Dolby Laboratories Inc.	262	31	32
Electronic Arts Inc.	389	66	65
Gartner Inc.	218	62	92
Microsoft Corp.	1,114	226	473
NVIDIA Corp.	391	50	145
Oracle Corp.	356	32	39
TD SYNEX Corp.	497	78	72
Texas Instruments Inc.	314	33	75
VMware Inc. Class A	98	15	14
Materials			
AptarGroup Inc.	127	20	20
Freeport-McMoRan Copper & Gold Inc.	1,778	92	94
The Sherwin-Williams Co.	227	65	101
Real Estate			
Alexandria Real Estate Equities Inc.	211	46	60
Duke Realty Corp. REIT	118	4	10
Equity Commonwealth REIT	2,495	88	82
First Industrial Realty Trust Inc. REIT	163	10	14

U.S. Low Volatility Fund 18.58P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Utilities			
American Electric Power Co. Inc.	289	25	33
DTE Energy Co.	250	36	38
Exelon Corp.	1,605	88	117
Total United States Common Stock		4,639	6,304
Global Common Stock			
Bermuda			
Genpact Ltd.	1,143	63	77
Guernsey			
Amdocs Ltd.	240	18	23
Ireland			
Accenture PLC Class A	195	63	102
Jazz Pharmaceuticals PLC	20	4	3
Medtronic Co. PLC	679	93	89
Netherlands			
QIAGEN NV	395	21	28
Total Global Common Stock		262	322
Total Stocks		4,901	6,626
Transaction Costs (see notes to financial statements (note 2))		(1)	
Total Investments		4,900	6,626

U.S Low Volatility Fund 18.58P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Low Volatility Fund 18.58P (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,626	\$ (2)	\$ 6,624	\$ 66
Total	\$ 6,626	\$ (2)	\$ 6,624	\$ 66
As Percent of Net Assets Attributable to Contractholders			100.0%	1.0%

*Includes both monetary and non-monetary instruments

U.S Low Volatility Fund 18.58P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,658	\$ 23	\$ 6,681	\$ 67
Total	\$ 6,658	\$ 23	\$ 6,681	\$ 67
As Percent of Net Assets Attributable to Contractholders			99.9%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$66 (\$67 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 6,626	\$ —	\$ —	\$ 6,626
Total assets measured at fair value	\$ 6,626	\$ —	\$ —	\$ 6,626

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 6,658	\$ —	\$ —	\$ 6,658
Total assets measured at fair value	\$ 6,658	\$ —	\$ —	\$ 6,658

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S Low Volatility Fund 18.58P

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	—	—	—	—	300,000	—	—	—	—	3,653
75/75 guarantee policy	84,361	104,090	144,551	171,454	193,164	1,309	1,341	1,763	1,977	2,166
75/100 guarantee policy	94,871	109,683	130,380	159,102	192,130	1,455	1,399	1,577	1,823	2,144
100/100 guarantee policy	2,081	2,080	2,079	2,078	4,257	31	26	25	24	47
PS1 75/75 guarantee policy	43,963	61,589	82,462	89,787	81,803	707	819	1,032	1,057	931
PS1 75/100 guarantee policy	72,722	109,619	140,132	124,203	118,559	1,147	1,433	1,730	1,446	1,339
PS1 100/100 guarantee policy	8,879	8,995	11,123	9,707	7,662	136	115	134	111	86
PS2 75/75 guarantee policy	51,623	52,714	79,406	94,846	124,121	976	804	1,115	1,224	1,513
PS2 75/100 guarantee policy	37,486	40,771	44,268	41,126	41,436	708	622	622	531	505
PS 75/75 guarantee policy	—	—	1,174	—	—	—	—	12	—	—
PPS 75/75 guarantee policy	11,186	11,112	11,625	—	—	156	126	123	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	—	—	—	—	12.18	—	—
75/75 guarantee policy	15.51	12.88	12.20	11.53	11.21	2.63	0.68
75/100 guarantee policy	15.33	12.76	12.10	11.46	11.16	2.57	0.66
100/100 guarantee policy	15.04	12.55	11.93	11.33	11.07	2.49	0.62
PS1 75/75 guarantee policy	16.08	13.29	12.52	11.77	11.39	2.79	0.77
PS1 75/100 guarantee policy	15.78	13.07	12.35	11.64	11.29	2.71	0.72
PS1 100/100 guarantee policy	15.30	12.73	12.08	11.44	11.15	2.57	0.65
PS2 75/75 guarantee policy	18.90	15.26	14.04	12.90	12.19	3.64	1.22
PS2 75/100 guarantee policy	18.90	15.26	14.04	12.90	12.19	3.64	1.22
PS 75/75 guarantee policy	—	—	10.51	—	—	—	—
PPS 75/75 guarantee policy	13.92	11.37	10.59	—	—	2.55	0.78

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Putnam Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S Low Volatility Fund 18.58P

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S Low Volatility Fund 18.58P

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.84	2.86	2.86	2.87	2.83
75/100 guarantee policy	3.01	3.02	3.03	3.04	3.00
100/100 guarantee policy	3.28	3.29	3.31	3.35	3.27
PS1 75/75 guarantee policy	2.32	2.33	2.34	2.35	2.31
PS1 75/100 guarantee policy	2.61	2.61	2.62	2.63	2.58
PS1 100/100 guarantee policy	3.04	3.06	3.06	3.07	3.02
PS 75/75 guarantee policy	—	—	1.75	—	—
PPS 75/75 guarantee policy	1.22	1.22	1.22	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	48.00	64.29	60.27	67.74	48.01

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL DIVIDEND FUND 18.59SAM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Dividend Fund 18.59SAM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Dividend Fund 18.59SAM

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 422	\$ 325
Investment income due and accrued	96	59
Due from The Canada Life Assurance Company (note 7)	47	61
Due from brokers	74	136
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	83,103	61,162
Investment fund units	—	—
Total investments	83,103	61,162
Total assets	\$ 83,742	\$ 61,743
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 83,742	\$ 61,743

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 9,575	\$ 1,205
Miscellaneous income (loss)	(190)	(2)
Total income	9,385	1,203
Expenses		
Management fees (note 7)	529	542
Transaction costs	62	53
Withholding taxes	335	185
Other	53	53
Total expenses	979	833
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 8,406	\$ 370

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 61,743	\$ 44,655
Contractholder deposits	27,665	25,000
Contractholder withdrawals	(14,072)	(8,282)
Increase (decrease) in net assets from operations attributable to contractholders	8,406	370
Change in net assets attributable to contractholders	21,999	17,088
Net assets attributable to contractholders - end of year	\$ 83,742	\$ 61,743

Global Dividend Fund 18.59SAM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 8,406	\$ 370
Adjustments		
Realized (gains) losses	(2,601)	569
Unrealized (gains) losses	(3,867)	(69)
Gross proceeds of disposition of investments	24,220	16,930
Gross payments for the purchase of investments	(39,693)	(34,838)
Change in investment income due and accrued	(37)	9
Change in due from/to The Canada Life Assurance Company	14	(43)
Change in due from/to brokers	62	220
	<u>(13,496)</u>	<u>(16,852)</u>
Financing Activities		
Contractholder deposits	27,665	25,000
Contractholder withdrawals	(14,072)	(8,282)
	<u>13,593</u>	<u>16,718</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	97	(134)
Cash, short-term deposits and overdrafts, beginning of year	325	459
Cash, short-term deposits and overdrafts, end of year	\$ 422	\$ 325
Supplementary cash flow information		
Dividend income received	\$ 3,070	\$ 1,714

Global Dividend Fund 18.59SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock			
Consumer Discretionary			
McDonald's Corp.	6,574	1,595	2,229
Consumer Staples			
The Procter & Gamble Co.	16,497	2,473	3,415
Energy			
Exxon Mobil Corp.	13,944	906	1,079
Financials			
Federated Hermes Inc.	42,487	1,513	2,020
Health Care			
Johnson & Johnson Inc.	13,396	2,461	2,900
Information Technology			
Cisco Systems Inc.	29,718	1,611	2,382
Intel Corp.	24,413	1,494	1,590
Total United States Common Stock		12,053	15,615
Global Common Stock			
Australia			
Fortescue Metals Group Ltd.	88,811	1,304	1,569
Belgium			
Groupe Bruxelles Lambert SA *	17,887	2,207	2,527
Bermuda			
Lancashire Holdings Ltd.	227,094	2,545	2,060
NWS Holdings Ltd.	1,880,539	3,043	2,230
Finland			
Sampo OYJ A	50,666	2,941	3,195

*The issuer of this security is a related company to the issuer of the Fund.

Global Dividend Fund 18.59SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
France			
Air Liquide SA	8,583	1,747	1,894
Sanofi SA	18,587	2,241	2,369
Germany			
BASF SE	19,538	1,990	1,737
Ireland			
DCC PLC	19,691	1,932	2,039
Irish Residential Properties REIT	798,886	1,765	1,927
Medtronic Co. PLC	17,464	2,485	2,285
Italy			
Terna SPA	196,972	1,687	2,009
Portugal			
Redes Energeticas Nacionais SGPS SA	425,502	1,546	1,558
South Korea			
Samsung Electronics Co. Ltd. Preference Shares	36,198	2,510	2,738
SK Square Co. Ltd.	12,606	761	890
SK Telecom Co. Ltd.	32,000	1,937	1,968
Spain			
Merlin Properties Socimi SA REIT	138,138	1,885	1,896
Viscofan SA	24,929	2,115	2,037
Zardoya Otis SA	241,337	2,207	2,469
Sweden			
Sandvik AB	51,497	1,287	1,818
Svenska Handelsbanken AB Class A	172,499	2,410	2,353
Swedish Match AB	139,413	1,154	1,400
Telia Co. AB	288,005	1,647	1,423

Global Dividend Fund 18.59SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Switzerland			
Cie Financiere Richemont SA Warrant 11-25-2023	29,902	-	41
Compagnie Financiere Richemont SA	6,271	649	1,183
Nestle SA	16,442	2,399	2,904
Novartis AG	20,662	2,260	2,293
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	16,934	1,615	2,577
Thailand			
Bangkok Bank PCL GDR	490,100	2,406	2,266
United Kingdom			
GlaxoSmithKline PLC	104,126	2,585	2,864
National Grid PLC	128,371	1,998	2,329
Smiths Group PLC	92,670	2,305	2,506
Unilever PLC	31,520	2,250	2,134
Total Global Common Stock		63,813	67,488
Total Stocks		75,866	83,103
Transaction Costs (see notes to financial statements (note 2))		(96)	
Total Investments		75,770	83,103

Global Dividend Fund 18.59SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Dividend Fund 18.59SAM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Dividend Fund 18.59SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
Euro	\$ 25,752	\$ 1	\$ 25,753	\$ 257	
United States Dollar	20,477	—	20,477	205	
United Kingdom Pound Sterling	11,798	—	11,798	118	
Swedish Krona	6,994	—	6,994	70	
Other Currencies	18,082	—	18,082	181	
Total	\$ 83,103	\$ 1	\$ 83,104	\$ 831	
As Percent of Net Assets Attributable to Contractholders				99.2%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
Euro	\$ 19,718	\$ 4	\$ 19,722	\$ 197	
United States Dollar	14,581	2	14,583	147	
United Kingdom Pound Sterling	8,724	—	8,724	87	
Swedish Krona	4,234	—	4,234	42	
Other Currencies	13,905	—	13,905	139	
Total	\$ 61,162	\$ 6	\$ 61,168	\$ 612	
As Percent of Net Assets Attributable to Contractholders				99.1%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$831 (\$612 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Dividend Fund 18.59SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 49,414	\$ 33,689	\$ —	\$ 83,103
Total assets measured at fair value	\$ 49,414	\$ 33,689	\$ —	\$ 83,103

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 16,426	\$ 44,736	\$ —	\$ 61,162
Total assets measured at fair value	\$ 16,426	\$ 44,736	\$ —	\$ 61,162

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Global Dividend Fund 18.59SAM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	—	—	—	—	500,000	—	—	—	—	6,904
75/75 guarantee policy	398,441	438,865	474,917	451,556	319,343	6,003	6,083	6,645	5,631	4,057
75/100 guarantee policy	323,556	401,922	453,590	385,730	240,017	4,819	5,516	6,295	4,779	3,034
100/100 guarantee policy	7,270	7,157	7,967	15,207	3,667	106	97	109	186	46
PS1 75/75 guarantee policy	339,465	330,860	393,670	379,328	235,882	5,282	4,715	5,637	4,819	3,038
PS1 75/100 guarantee policy	276,962	373,408	407,738	373,079	203,448	4,219	5,224	5,748	4,678	2,595
PS1 100/100 guarantee policy	4,037	2,597	4,400	8,248	3,787	60	35	61	102	48
PS2 75/75 guarantee policy	275,601	255,892	327,007	268,272	204,511	5,060	4,202	5,270	3,746	2,826
PS2 75/100 guarantee policy	127,591	125,201	147,495	135,932	101,272	2,342	2,056	2,377	1,898	1,400
PS2 100/100 guarantee policy	13,034	8,292	9,352	9,899	10,195	239	136	151	138	141
PS 75/75 guarantee policy	18,733	22,346	24,840	7,063	—	226	245	272	68	—
PS 75/100 guarantee policy	2,782	2,588	2,857	1,290	—	33	28	31	12	—
PPS 75/75 guarantee policy	6,043	4,637	9,360	1,522	—	74	51	103	15	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	—	—	—	—	13.81	—	—
75/75 guarantee policy	15.07	13.86	13.99	12.47	12.70	1.21	(0.13)
75/100 guarantee policy	14.89	13.73	13.88	12.39	12.64	1.16	(0.15)
100/100 guarantee policy	14.61	13.50	13.69	12.25	12.54	1.11	(0.19)
PS1 75/75 guarantee policy	15.56	14.25	14.32	12.70	12.88	1.31	(0.07)
PS1 75/100 guarantee policy	15.23	13.99	14.10	12.54	12.76	1.24	(0.11)
PS1 100/100 guarantee policy	14.83	13.66	13.81	12.33	12.59	1.17	(0.15)
PS2 75/75 guarantee policy	18.36	16.42	16.12	13.96	13.82	1.94	0.30
PS2 75/100 guarantee policy	18.36	16.42	16.12	13.96	13.82	1.94	0.30
PS2 100/100 guarantee policy	18.36	16.42	16.12	13.96	13.82	1.94	0.30
PS 75/75 guarantee policy	12.06	10.98	10.96	9.66	—	1.08	0.02
PS 75/100 guarantee policy	11.99	10.93	10.93	9.65	—	1.06	—
PPS 75/75 guarantee policy	12.26	11.10	11.03	9.68	—	1.16	0.07

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Dividend Fund 18.59SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Global Dividend Fund 18.59SAM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.83	2.83	2.84	2.87	2.87
75/100 guarantee policy	2.99	2.99	3.00	3.03	3.03
100/100 guarantee policy	3.26	3.27	3.29	3.30	3.34
PS1 75/75 guarantee policy	2.36	2.37	2.38	2.40	2.40
PS1 75/100 guarantee policy	2.64	2.64	2.65	2.71	2.73
PS1 100/100 guarantee policy	2.96	2.99	2.98	3.09	3.21
PS 75/75 guarantee policy	1.73	1.73	1.73	1.75	—
PS 75/100 guarantee policy	1.89	1.89	1.90	1.91	—
PPS 75/75 guarantee policy	1.26	1.27	1.27	1.28	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	26.43	38.47	23.85	47.05	20.91

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. VALUE FUND 18.60P

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Value Fund 18.60P (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Value Fund 18.60P

(in Canadian \$ thousands)

Fund Manager: Putnam Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 310	\$ 50
Investment income due and accrued	6	5
Due from The Canada Life Assurance Company (note 8)	119	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	7,459	6,894
Investment fund units	—	—
Derivatives (note 7)	—	1
Total investments	7,459	6,895
Total assets	\$ 7,894	\$ 6,950
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	3
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	3	3
Total liabilities excluding net assets attributable to contractholders	3	6
Net assets attributable to contractholders	\$ 7,891	\$ 6,944

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,806	\$ 353
Miscellaneous income (loss)	1	12
Total income	1,807	365
Expenses		
Management fees (note 8)	47	40
Transaction costs	2	3
Withholding taxes	21	24
Other	5	5
Total expenses	75	72
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,732	\$ 293

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 6,944	\$ 7,412
Contractholder deposits	743	428
Contractholder withdrawals	(1,528)	(1,189)
Increase (decrease) in net assets from operations attributable to contractholders	1,732	293
Change in net assets attributable to contractholders	947	(468)
Net assets attributable to contractholders - end of year	\$ 7,891	\$ 6,944

U.S. Value Fund 18.60P

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,732	\$ 293
Adjustments		
Realized (gains) losses	(798)	(320)
Unrealized (gains) losses	(859)	138
Gross proceeds of disposition of investments	2,487	2,212
Gross payments for the purchase of investments	(1,394)	(1,638)
Change in investment income due and accrued	(1)	1
Change in due from/to The Canada Life Assurance Company	(122)	(2)
Change in due from/to brokers	—	1
	<u>1,045</u>	<u>685</u>
Financing Activities		
Contractholder deposits	743	428
Contractholder withdrawals	(1,528)	(1,189)
	<u>(785)</u>	<u>(761)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	260	(76)
Cash, short-term deposits and overdrafts, beginning of year	50	126
Cash, short-term deposits and overdrafts, end of year	\$ 310	\$ 50
Supplementary cash flow information		
Dividend income received	\$ 151	\$ 174

U.S. Value Fund 18.60P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Charter Communications Inc.	132	45	109
Comcast Corp. Class A	1,397	52	89
T-Mobile US Inc.	352	59	52
Consumer Discretionary			
Aramark	1,416	49	66
General Motors Co.	2,006	96	149
Hilton Worldwide Holdings Inc.	471	39	93
O'Reilly Automotive Inc.	108	70	96
PulteGroup Inc.	1,724	79	125
Target Corp.	374	50	109
Consumer Staples			
BJ's Wholesale Club Holdings Inc.	1,052	30	89
Keurig Dr Pepper Inc.	1,852	98	86
PepsiCo Inc.	397	55	87
The Procter & Gamble Co.	553	70	114
Walmart Inc.	1,143	140	210
Energy			
ConocoPhillips	1,451	88	133
EOG Resources Inc.	245	26	28
Exxon Mobil Corp.	950	102	74
Valero Energy Corp.	1,003	68	95
Financials			
American International Group Inc.	1,170	81	84
Apollo Global Management Inc.	791	48	72
Bank of America Corp.	4,794	116	270
Capital One Financial Corp.	323	30	59
Citigroup Inc.	2,292	160	175
Gaming and Leisure Properties Inc.	1,508	68	93
JPMorgan Chase & Co.	1,179	106	237
KeyCorp	1,349	23	39
PNC Financial Services Group Inc.	442	82	112
State Street Corp.	481	45	57
The Goldman Sachs Group Inc.	302	91	146

U.S. Value Fund 18.60P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
AbbVie Inc.	888	87	153
Anthem Inc.	250	119	147
Johnson & Johnson Inc.	635	87	137
McKesson Corp.	417	100	131
Merck & Co. Inc.	1,168	101	113
Regeneron Pharmaceuticals Inc.	189	107	151
Thermo Fisher Scientific Inc.	171	103	144
Industrials			
Danaher Corp.	192	22	80
General Electric Co.	134	35	16
Honeywell International Inc.	396	80	104
Northrop Grumman Corp.	343	96	168
Raytheon Technologies Corp.	1,132	108	123
Southwest Airlines Co.	1,796	87	97
Union Pacific Corp.	353	49	113
United Rentals Inc.	169	24	71
Information Technology			
Fidelity National Information Services Inc.	625	84	86
Microsoft Corp.	668	51	284
NXP Semiconductors NV	201	26	58
Oracle Corp.	780	74	86
Qualcomm Inc.	599	45	139
Texas Instruments Inc.	237	18	57
Vontier Corp.	1,333	57	52

U.S. Value Fund 18.60P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Materials			
Corteva Inc.	1,520	88	91
Eastman Chemical Co.	556	73	85
Freeport-McMoRan Copper & Gold Inc.	2,665	39	141
PPG Industries Inc.	396	76	86
The Sherwin-Williams Co.	46	8	20
Real Estate			
American Tower Corp. REIT Class A	205	31	76
Boston Properties Inc.	530	76	77
Utilities			
Ameren Corp.	441	47	50
American Electric Power Co. Inc.	756	68	85
Exelon Corp.	1,742	96	127
NRG Energy Inc.	2,168	82	118
Total United States Common Stock		4,310	6,614
United States Preferred Stock			
Communication Services			
T-Mobile US Inc. 5.25% 06-01-2023 Preferred Conv.	42	55	56
Consumer Staples			
Danaher Corp. 5.00% 04-15-2023 Preferred Conv.	26	36	57
Total United States Preferred Stock		91	113
Global Common Stock			
Bermuda			
Assured Guaranty Ltd.	1,418	54	90
France			
AXA SA	1,710	41	64
Sanofi SA	534	69	68

U.S. Value Fund 18.60P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Ireland			
CRH PLC [EUR]	1,401	52	94
Eaton Corp. PLC	408	43	89
Johnson Controls International PLC	1,185	62	122
United Kingdom			
AstraZeneca PLC ADR	1,521	80	112
Royal Dutch Shell PLC Class A [Dutch shares]	3,355	79	93
Total Global Common Stock		480	732
Total Stocks		4,881	7,459

U.S. Value Fund 18.60P

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
1.3316	March 16, 2022	Pound Sterling	2	United States Dollar	2	-
1.1364	March 16, 2022	Euro	6	United States Dollar	6	-
					Derivatives - Assets	-
1.3316	March 16, 2022	United States Dollar	1	Pound Sterling	1	-
1.1366	March 16, 2022	United States Dollar	33	Euro	33	-
1.1365	March 16, 2022	United States Dollar	56	Euro	56	-
1.1363	March 16, 2022	United States Dollar	59	Euro	60	-
1.3313	March 16, 2022	United States Dollar	11	Pound Sterling	12	-
1.3313	March 16, 2022	United States Dollar	22	Pound Sterling	23	(1)
1.3316	March 16, 2022	United States Dollar	69	Pound Sterling	71	(2)
					Derivatives - Liabilities	(3)
Total Forward Currency Contracts						(3)

Total Derivative Instruments at Fair Value

(3)

Total Investments

4,881

7,456

U.S. Value Fund 18.60P

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Value Fund 18.60P (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 7,514	\$ 126	\$ 7,640	\$ 77
Other Currencies	(62)	—	(62)	(1)
Total	\$ 7,452	\$ 126	\$ 7,578	\$ 76
As Percent of Net Assets Attributable to Contractholders			96.0%	1.0%

*Includes both monetary and non-monetary instruments

U.S. Value Fund 18.60P
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,951	\$ 33	\$ 6,984	\$ 70
Other Currencies	(59)	—	(59)	(1)
Total	\$ 6,892	\$ 33	\$ 6,925	\$ 69
As Percent of Net Assets Attributable to Contractholders			99.7%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$75 (\$69 at December 31, 2020) or approximately 0.9% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Stocks	\$ 7,459	\$ —	\$ —	\$ 7,459
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 7,459	\$ —	\$ —	\$ 7,459
Liabilities measured at fair value				
Derivatives	\$ —	\$ 3	\$ —	\$ 3
Net assets attributable to contractholders measured at fair value	\$ 7,459	\$ (3)	\$ —	\$ 7,456

U.S. Value Fund 18.60P
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

E. Fair Value Classification (continued)

	2020			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Stocks	\$ 6,661	\$ 233	\$ —	\$ 6,894
Derivatives	—	1	—	1
Total assets measured at fair value	<u>\$ 6,661</u>	<u>\$ 234</u>	<u>\$ —</u>	<u>\$ 6,895</u>
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ 3	\$ —	\$ 3
Net assets attributable to contractholders measured at fair value	<u>\$ 6,661</u>	<u>\$ 231</u>	<u>\$ —</u>	<u>\$ 6,892</u>

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 1 (Level 2 at December 31, 2020).

U.S. Value Fund 18.60P

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	37,212	33,854	45,663	45,521	39,833	713	525	695	572	518
75/100 guarantee policy	15,614	12,988	15,995	14,480	14,573	296	199	241	181	188
100/100 guarantee policy	1,823	—	—	—	—	34	—	—	—	—
PS1 75/75 guarantee policy	40,247	36,774	39,837	33,375	34,494	800	589	622	428	455
PS1 75/100 guarantee policy	13,585	8,926	11,539	11,263	11,819	265	141	178	143	155
PS1 100/100 guarantee policy	6,037	5,394	5,394	5,394	4,986	114	83	81	67	64
PS2 75/75 guarantee policy	15,572	14,364	13,008	9,336	10,831	367	266	229	132	154
PS2 75/100 guarantee policy	13,608	8,364	9,273	10,906	12,349	321	155	163	154	175
PS 75/75 guarantee policy	—	849	853	856	—	—	10	10	8	—
PS 75/100 guarantee policy	3,553	4,070	4,338	4,616	—	51	47	49	43	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.17	15.52	15.21	12.56	13.00	3.65	0.31
75/100 guarantee policy	18.94	15.36	15.08	12.47	12.93	3.58	0.28
100/100 guarantee policy	18.58	—	—	—	—	18.58	—
PS1 75/75 guarantee policy	19.88	16.01	15.61	12.82	13.20	3.87	0.40
PS1 75/100 guarantee policy	19.50	15.75	15.40	12.68	13.10	3.75	0.35
PS1 100/100 guarantee policy	18.90	15.33	15.06	12.46	12.93	3.57	0.27
PS2 75/75 guarantee policy	23.58	18.53	17.62	14.12	14.19	5.05	0.91
PS2 75/100 guarantee policy	23.58	18.53	17.62	14.12	14.19	5.05	0.91
PS 75/75 guarantee policy	—	11.67	11.31	9.23	—	—	0.36
PS 75/100 guarantee policy	14.49	11.62	11.28	9.23	—	2.87	0.34

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

U.S. Value Fund 18.60P

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Putnam Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Value Fund 18.60P
Notes to the Financial Statements
(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Value Fund 18.60P

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.98	2.99	3.00	3.00	2.94
75/100 guarantee policy	3.14	3.16	3.16	3.18	3.12
100/100 guarantee policy	3.43	—	—	—	—
PS1 75/75 guarantee policy	2.45	2.46	2.47	2.48	2.41
PS1 75/100 guarantee policy	2.73	2.75	2.74	2.75	2.70
PS1 100/100 guarantee policy	3.18	3.19	3.20	3.21	3.15
PS 75/75 guarantee policy	—	1.86	1.86	1.87	—
PS 75/100 guarantee policy	2.03	2.04	2.05	2.04	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	18.87	24.08	24.27	14.87	26.27

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN BOND INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Bond Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Bond Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 33,915	\$ 2,741
Investment income due and accrued	2,266	2,577
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	511,758	537,317
Stocks	8,423	—
Investment fund units	—	—
Total investments	520,181	537,317
Total assets	\$ 556,362	\$ 542,635
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	42	144
Due to brokers	12	525
Due to outside parties	—	—
Derivatives (note 7)	70	—
Total liabilities excluding net assets attributable to contractholders	124	669
Net assets attributable to contractholders	\$ 556,238	\$ 541,966

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (12,010)	\$ 51,552
Miscellaneous income (loss)	133	107
Total income	(11,877)	51,659
Expenses		
Management fees (note 8)	560	674
Transaction costs	1	—
Withholding taxes	—	—
Other	73	73
Total expenses	634	747
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (12,511)	\$ 50,912

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 541,966	\$ 593,800
Contractholder deposits	123,806	51,776
Contractholder withdrawals	(97,023)	(154,522)
Increase (decrease) in net assets from operations attributable to contractholders	(12,511)	50,912
Change in net assets attributable to contractholders	14,272	(51,834)
Net assets attributable to contractholders - end of year	\$ 556,238	\$ 541,966

Canadian Bond Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (12,511)	\$ 50,912
Adjustments		
Add back amortization of premium (discount)	(461)	(20)
Realized (gains) losses	654	(18,723)
Unrealized (gains) losses	24,138	(17,598)
Gross proceeds of disposition of investments	452,336	436,998
Gross payments for the purchase of investments	(459,461)	(353,028)
Change in investment income due and accrued	311	69
Change in due from/to The Canada Life Assurance Company	(102)	532
Change in due from/to brokers	(513)	513
	<u>4,391</u>	<u>99,655</u>
Financing Activities		
Contractholder deposits	123,806	51,776
Contractholder withdrawals	(97,023)	(154,522)
	<u>26,783</u>	<u>(102,746)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	31,174	(3,091)
Cash, short-term deposits and overdrafts, beginning of year	2,741	5,832
Cash, short-term deposits and overdrafts, end of year	\$ 33,915	\$ 2,741
Supplementary cash flow information		
Interest income received	\$ 12,290	\$ 15,284
Dividend income received	278	—

Canadian Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2030	960,000	963	958
Canada Housing Trust No. 1 1.95% 12-15-2025	5,500,000	5,698	5,607
Canada Housing Trust No. 1 Floating Rate 03-15-2024	25,000,000	25,144	25,121
Canada Housing Trust No. 1 Floating Rate 09-15-2026	8,200,000	8,200	8,218
Government of Canada 0.50% 12-01-2050 Real Return	2,073,000	2,679	2,727
Government of Canada 0.75% 10-01-2024	10,154,000	9,997	10,061
Government of Canada 1.00% 09-01-2026	30,709,000	30,215	30,362
Government of Canada 1.50% 06-01-2031	1,257,000	1,264	1,266
Government of Canada 1.50% 12-01-2044 Real Return	1,246,000	2,080	2,136
Government of Canada 1.75% 12-01-2053	129,000	122	130
Government of Canada 2.00% 12-01-2051	2,801,000	2,931	3,014
Government of Canada 3.00% 12-01-2036 Real Return	4,485,000	8,860	9,413
Muskrat Falls 3.86% 12-01-2048	2,977,000	3,041	3,862
Muskrat Falls/Labrador Transmissions Assets Funding 3.83% 06-01-2037	3,281,000	3,348	3,958
Total Federal Government		104,542	106,833
Provincial Governments			
Hydro-Quebec 4.00% 02-15-2055	2,070,000	2,908	2,798
Ontario Power Generation Inc. 3.215% 04-08-2030	1,403,000	1,471	1,489
Province of Alberta 2.55% 06-01-2027	4,851,000	4,920	5,066
Province of Alberta 2.95% 06-01-2052	1,770,000	1,817	1,924
Province of Alberta 3.05% 12-01-2048	1,400,000	1,455	1,532
Province of Alberta 3.10% 06-01-2050	5,991,000	6,341	6,655
Province of British Columbia 1.55% 06-18-2031	8,480,000	8,037	8,173
Province of British Columbia 2.30% 06-18-2026	2,193,000	2,202	2,268
Province of British Columbia 2.75% 06-18-2052	3,140,000	3,080	3,377
Province of British Columbia 2.95% 06-18-2050	4,506,000	4,750	5,002
Province of Manitoba 2.05% 09-05-2052	220,000	179	198
Province of Manitoba 2.75% 06-02-2029	2,443,000	2,546	2,591
Province of Manitoba 2.85% 09-05-2046	3,000,000	2,856	3,168
Province of Manitoba 3.20% 03-05-2050	1,050,000	1,115	1,190
Province of Nova Scotia 2.10% 06-01-2027	1,061,000	1,044	1,084
Province of Nova Scotia 3.15% 12-01-2051	2,452,000	2,911	2,781
Province of Ontario 1.55% 11-01-2029	3,200,000	3,192	3,129
Province of Ontario 1.90% 12-02-2051	7,908,000	6,540	6,995
Province of Ontario 2.25% 12-02-2031	21,093,000	21,066	21,411

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Ontario 2.55% 12-02-2052	2,790,000	2,672	2,853
Province of Ontario 2.65% 12-02-2050	850,000	880	884
Province of Ontario 3.45% 06-02-2045	1,820,000	2,077	2,136
Province of Quebec 1.50% 09-01-2031	6,595,000	6,294	6,307
Province of Quebec 3.10% 12-01-2051	14,913,000	16,861	17,093
Province of Quebec 3.50% 12-01-2048	1,240,000	1,433	1,499
Province of Quebec 4.25% 12-01-2043	2,963,000	3,406	3,880
Province of Saskatchewan 2.80% 12-02-2052	2,112,000	2,139	2,241
Province of Saskatchewan 3.05% 12-02-2028	1,690,000	1,783	1,822
Province of Saskatchewan 3.10% 06-02-2050	1,190,000	1,261	1,325
Total Provincial Governments		117,236	120,871
Municipal Governments			
City of Montreal 3.15% 09-01-2028	4,143,000	4,241	4,462
City of Montreal 3.50% 09-01-2023	4,147,000	4,215	4,309
City of Ottawa 3.05% 05-10-2039	1,179,000	1,173	1,253
City of Ottawa 3.25% 11-10-2047	451,000	494	503
City of Toronto 4.70% 06-10-2041	5,222,000	5,649	6,871
Total Municipal Governments		15,772	17,398
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	383,000	383	385
407 International Inc. 3.30% 03-27-2045	404,000	393	421
407 International Inc. 3.43% 06-01-2033	1,330,000	1,468	1,429
Aeroports de Montreal 3.03% 04-21-2050	537,000	537	539
AIMCo Realty Investors LP 2.195% 11-04-2026	380,000	380	383
AIMCo Realty Investors LP 2.712% 06-01-2029	2,486,000	2,557	2,556
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	903,000	1,006	979
Algonquin Power Co. 2.85% 07-15-2031	701,000	704	710
Allied Properties REIT 1.726% 02-12-2026	148,000	148	144
AltaGas Ltd. 2.166% 03-16-2027	710,000	709	699
AltaLink LP 1.509% 09-11-2030	360,000	347	341
AltaLink LP 3.668% 11-06-2023	1,962,000	2,114	2,047
AltaLink LP 3.717% 12-03-2046	510,000	574	580
ARC Resources Ltd. 2.354% 03-10-2026	470,000	470	470

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
ARC Resources Ltd. 3.465% 03-10-2031	780,000	792	800
Bank of Montreal 1.551% 05-28-2026	649,000	649	637
Bank of Montreal 1.758% 03-10-2026	820,000	820	814
Bank of Montreal 1.928% 07-22-2031	550,000	550	541
Bank of Montreal 2.077% 06-17-2030	466,000	466	465
Bank of Montreal 2.37% 02-03-2025	622,000	622	633
Bank of Montreal 2.882% 09-17-2024	1,200,000	1,241	1,229
Bank of Montreal 4.30% 11-26-2025	549,000	549	571
Bank of Montreal Floating Rate 06-01-2027	2,676,000	2,680	2,696
BCI QuadReal Realty 1.056% 03-12-2024	250,000	250	248
BCI QuadReal Realty 1.073% 02-04-2026	371,000	371	360
BCI QuadReal Realty 1.747% 07-24-2030	560,000	546	538
BCIMC Realty Corp. 2.84% 06-03-2025	1,800,000	1,861	1,860
Bell Canada Inc. 1.65% 08-16-2027	267,000	262	258
Bell Canada Inc. 2.20% 05-29-2028	470,000	469	465
Bell Canada Inc. 2.75% 01-29-2025	2,335,000	2,342	2,394
Bell Canada Inc. 2.90% 09-10-2029	1,082,000	1,122	1,107
Bell Canada Inc. 3.50% 09-30-2050	988,000	952	951
Bell Canada Inc. 4.45% 02-27-2047	80,000	94	90
BMW Canada Inc. 0.99% 01-14-2025	221,000	221	216
British Columbia Ferry Services Inc. 4.702% 10-23-2043	183,000	229	236
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	820,000	826	803
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	1,104,000	1,104	1,152
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	742,000	758	811
Brookfield Infrastructure Partners 3.315% 02-22-2024	661,000	669	682
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	301,000	339	321
Brookfield Renewable Partners ULC 3.33% 08-13-2050	368,000	368	363
Brookfield Renewable Partners ULC 3.38% 01-15-2030	1,092,000	1,095	1,159
Brookfield Renewable Partners ULC 4.29% 11-05-2049	1,534,000	1,531	1,776
Bruce Power LP 4.00% 06-21-2030	388,000	433	426
Calgary Airport Authority 3.199% 10-07-2036	180,000	180	185
Canada Housing Trust No. 1 Floating Rate 03-15-2026	5,770,000	5,790	5,788
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	2,390,000	2,388	2,312
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	1,567,000	1,568	1,547
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	2,312,000	2,351	2,324
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	440,000	440	432
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	242,000	242	251

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	1,070,000	1,070	1,069
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	70,000	70	70
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	690,000	690	689
Canadian National Railway Co. 3.00% 02-08-2029	460,000	458	483
Canadian Natural Resources Ltd. 2.50% 01-17-2028	827,000	827	827
Canadian Natural Resources Ltd. 3.31% 02-11-2022	3,988,000	4,081	3,998
Canadian Natural Resources Ltd. 3.42% 12-01-2026	1,931,000	1,931	2,024
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	980,000	980	997
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	560,000	605	589
Canadian Western Bank 1.57% 09-14-2023	176,000	176	176
Canadian Western Bank 1.926% 04-16-2026	2,466,000	2,484	2,445
Canadian Western Bank 2.606% 01-30-2025	250,000	256	255
Canadian Western Bank Floating Rate 01-22-2024	750,000	750	751
Capital Power Corp. 3.147% 10-01-2032	670,000	675	661
Capital Power Corp. 4.284% 09-18-2024	509,000	562	538
Capital Power Corp. 4.424% 02-08-2030	560,000	632	619
CDP Financial Inc. 1.50% 10-19-2026	1,010,000	1,008	1,007
Cenovus Energy Inc. 3.50% 02-07-2028	2,527,000	2,527	2,646
Central 1 Credit Union 2.584% 12-06-2023	1,667,000	1,667	1,700
CGI Inc. 2.10% 09-18-2028	260,000	260	256
Choice Properties REIT 2.456% 11-30-2026	216,000	216	218
Choice Properties REIT 2.848% 05-21-2027	1,185,000	1,213	1,214
Choice Properties REIT 2.981% 03-04-2030	1,080,000	1,118	1,095
Choice Properties REIT 4.178% 03-08-2028	1,330,000	1,488	1,454
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	918,000	963	956
Cogeco Communications Inc. 2.991% 09-22-2031	587,000	584	584
Crombie REIT 2.686% 03-31-2028	820,000	836	819
Crombie REIT 3.133% 08-12-2031	180,000	180	178
Crombie REIT 3.677% 08-26-2026	354,000	354	372
CT REIT 2.371% 01-06-2031	511,000	513	490
CU Inc. 4.085% 09-02-2044	380,000	426	445
CU Inc. 4.543% 10-24-2041	233,000	292	286
Dollarama Inc. 1.505% 09-20-2027	435,000	435	419
Dollarama Inc. 2.203% 11-10-2022	1,939,000	1,896	1,957
Dream Industrial REIT 1.662% 12-22-2025	230,000	230	226
Dream Industrial REIT 2.057% 06-17-2027	600,000	600	591
Dream Industrial REIT 2.539% 12-07-2026	283,000	283	286

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Eagle Credit Card Trust 1.546% 06-17-2026	1,130,000	1,137	1,114
Enbridge Gas Inc. 2.37% 08-09-2029	620,000	642	627
Enbridge Gas Inc. 3.20% 09-15-2051	500,000	488	512
Enbridge Gas Inc. 3.65% 04-01-2050	70,000	76	78
Enbridge Inc. 2.99% 10-03-2029	410,000	430	418
Enbridge Inc. 3.10% 09-21-2033	2,788,000	2,764	2,755
Enbridge Inc. 5.375% 09-27-2077	4,055,000	4,252	4,290
Enbridge Inc. 6.625% 04-12-2078	1,470,000	1,698	1,666
Enbridge Pipelines Inc. 3.79% 08-17-2023	1,150,000	1,229	1,187
Enbridge Pipelines Inc. 4.33% 02-22-2049	330,000	346	357
EPCOR Utilities Inc. 2.899% 05-19-2050	560,000	539	548
EPCOR Utilities Inc. 3.554% 11-27-2047	643,000	692	704
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	890,000	893	928
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	994,000	1,073	1,066
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	4,380,000	4,380	4,235
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	400,000	400	392
First National Financial Corp. 2.961% 11-17-2025	265,000	265	268
Fortified Trust 1.964% 10-23-2026	870,000	870	872
Gibson Energy Inc. 3.60% 09-17-2029	997,000	994	1,049
Glacier Credit Card Trust 2.28% 06-06-2024	3,262,000	3,289	3,312
Granite REIT Holdings LP 2.194% 08-30-2028	400,000	400	395
Granite REIT Holdings LP 2.378% 12-18-2030	199,000	199	193
Granite REIT Holdings LP 3.062% 06-04-2027	211,000	211	219
Greater Toronto Airports Authority 2.75% 10-17-2039	1,667,000	1,665	1,643
Greater Toronto Airports Authority 5.63% 06-07-2040	1,612,000	1,842	2,232
H&R REIT 2.633% 02-19-2027	566,000	567	565
H&R REIT 2.906% 06-02-2026	519,000	531	527
H&R REIT 4.071% 06-16-2025	1,853,000	1,996	1,959
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	756,000	755	774
Honda Canada Finance Inc. 1.646% 02-25-2028	600,000	600	581
Honda Canada Finance Inc. 2.50% 06-04-2024	800,000	806	816
Honda Canada Finance Inc. Floating Rate 02-26-2024	579,000	579	579
HSBC Bank Canada 2.17% 06-29-2022	4,764,000	4,711	4,800
HSBC Bank Canada 2.253% 09-15-2022	711,000	711	718
Hydro One Inc. 1.41% 10-15-2027	655,000	655	633
Hydro One Inc. 1.69% 01-16-2031	279,000	270	265
Hydro One Inc. 2.23% 09-17-2031	873,000	870	863

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Hydro One Inc. 3.10% 09-15-2051	150,000	145	153
Hyundai Capital Canada Inc. 2.008% 05-12-2026	290,000	290	287
iA Financial Corp. Inc. 2.40% 02-21-2025	269,000	269	272
Intact Financial Corp. 2.179% 05-18-2028	300,000	300	299
Intact Financial Corp. 4.125% 03-31-2081	115,000	115	117
Inter Pipeline Ltd. 2.608% 09-13-2023	2,348,000	2,347	2,378
Inter Pipeline Ltd. 3.484% 12-16-2026	1,091,000	1,088	1,128
Inter Pipeline Ltd. 3.776% 05-30-2022	1,066,000	1,109	1,078
John Deere Financial Inc. 1.63% 04-09-2026	140,000	140	138
Keyera Corp. 3.959% 05-29-2030	780,000	837	830
Laurentian Bank of Canada 1.15% 06-03-2024	397,000	397	391
Laurentian Bank of Canada 1.603% 05-06-2026	120,000	120	119
Laurentian Bank of Canada 2.55% 06-20-2022	1,776,000	1,776	1,792
Liberty Utilities (Canada) LP 3.315% 02-14-2050	310,000	309	308
Loblaw Companies Ltd. 4.86% 03-12-2023	1,649,000	1,673	1,729
Loblaw Companies Ltd. 6.54% 02-17-2033	744,000	887	973
Lower Mattagami Energy LP 2.433% 05-14-2031	390,000	390	396
Manulife Bank of Canada 1.536% 09-14-2026	610,000	610	598
Manulife Financial Corp. 3.049% 08-20-2029	4,476,000	4,576	4,615
Manulife Financial Corp. 3.375% 06-19-2081	1,010,000	1,010	981
Manulife Financial Corp. 4.10% 03-19-2082	470,000	470	466
MCAP Commercial LP 3.743% 08-25-2025	510,000	510	527
Metro Inc. 3.413% 02-28-2050	842,000	842	825
Metro Inc. 5.03% 12-01-2044	247,000	277	305
National Bank of Canada 1.534% 06-15-2026	1,930,000	1,931	1,894
National Bank of Canada 2.237% 11-04-2026	530,000	530	534
National Bank of Canada 2.58% 02-03-2025	857,000	857	877
National Bank of Canada 3.183% 02-01-2028	568,000	592	578
North West Redwater Partnership 2.80% 06-01-2027	560,000	580	575
North West Redwater Partnership 3.20% 04-24-2026	1,613,000	1,682	1,683
North West Redwater Partnership 3.70% 02-23-2043	500,000	516	518
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	830,000	828	833
Nova Scotia Power Inc. 3.571% 04-05-2049	410,000	438	441
OMERS Finance Trust 2.60% 05-14-2029	1,347,000	1,346	1,403
OMERS Realty Corp. 3.628% 06-05-2030	2,105,000	2,471	2,316
Pembina Pipeline Corp. 2.56% 06-01-2023	1,295,000	1,295	1,313

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Pembina Pipeline Corp. 2.99% 01-22-2024	1,582,000	1,650	1,617
Pembina Pipeline Corp. 3.53% 12-10-2031	340,000	340	348
Pembina Pipeline Corp. 3.62% 04-03-2029	820,000	887	864
Pembina Pipeline Corp. 4.02% 03-27-2028	1,677,000	1,827	1,803
Pembina Pipeline Corp. 4.54% 04-03-2049	330,000	337	351
Pembina Pipeline Corp. 4.67% 05-28-2050	140,000	146	152
Pembina Pipeline Corp. 4.74% 01-21-2047	140,000	154	153
Pembina Pipeline Corp. 4.75% 03-26-2048	180,000	199	197
Pembina Pipeline Corp. 4.81% 03-25-2044	500,000	540	547
Prime Structured Mortgage Trust 1.856% 11-15-2024	580,000	580	581
PSP Capital Inc. 2.05% 01-15-2030	1,934,000	1,928	1,958
Reliance LP 2.67% 08-01-2028	410,000	410	410
Reliance LP 2.68% 12-01-2027	713,000	713	716
Reliance LP 3.75% 03-15-2026	359,000	360	379
RioCan REIT 2.361% 03-10-2027	716,000	716	711
RioCan REIT 2.576% 02-12-2025	1,562,000	1,569	1,585
RioCan REIT 2.829% 11-08-2028	187,000	187	189
Rogers Communications Inc. 6.11% 08-25-2040	222,000	278	282
Rogers Communications Inc. 6.68% 11-04-2039	334,000	424	448
Royal Bank of Canada 1.67% 01-28-2033	775,000	775	741
Royal Bank of Canada 1.833% 07-31-2028	890,000	890	870
Royal Bank of Canada 2.088% 06-30-2030	293,000	293	293
Royal Bank of Canada 2.14% 11-03-2031	750,000	750	744
Royal Bank of Canada 2.328% 01-28-2027	3,667,000	3,669	3,709
Royal Bank of Canada 2.88% 12-23-2029	6,172,000	6,268	6,324
Royal Bank of Canada 4.50% 11-24-2080	628,000	628	659
Sagen MI Canada Inc. 3.261% 03-05-2031	866,000	860	877
Sagen MI Canada Inc. 4.95% 03-24-2081	260,000	260	262
Saputo Inc. 1.939% 06-13-2022	770,000	784	773
Saputo Inc. 2.242% 06-16-2027	675,000	675	672
Saputo Inc. 2.297% 06-22-2028	210,000	210	208
Shaw Communications Inc. 6.75% 11-09-2039	325,000	338	435
Sienna Senior Living Inc. 2.82% 03-31-2027	700,000	715	708
SmartCentres REIT 3.526% 12-20-2029	1,233,000	1,233	1,286
SmartCentres REIT 3.834% 12-21-2027	449,000	475	477
Summit Industrial Income REIT 1.82% 04-01-2026	332,000	332	326
Summit Industrial Income REIT 2.25% 01-12-2027	210,000	210	209

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Summit Industrial Income REIT 2.44% 07-14-2028	200,000	200	198
Sun Life Financial Inc. 2.06% 10-01-2035	1,116,000	1,115	1,067
Sun Life Financial Inc. 2.38% 08-13-2029	1,686,000	1,685	1,711
Sun Life Financial Inc. 2.58% 05-10-2032	1,347,000	1,389	1,371
Sun Life Financial Inc. 2.80% 11-21-2033	860,000	860	879
Sun Life Financial Inc. 3.60% 06-30-2081	470,000	470	462
Suncor Energy Inc. 3.10% 05-24-2029	1,169,000	1,217	1,203
Suncor Energy Inc. 3.95% 03-04-2051	1,390,000	1,362	1,404
Suncor Energy Inc. 5.39% 03-26-2037	792,000	915	959
TELUS Corp. 2.05% 10-07-2030	1,863,000	1,800	1,763
TELUS Corp. 2.35% 01-27-2028	599,000	597	598
TELUS Corp. 2.85% 11-13-2031	400,000	400	399
TELUS Corp. 3.15% 02-19-2030	215,000	228	223
TELUS Corp. 3.30% 05-02-2029	1,183,000	1,253	1,240
TELUS Corp. 3.95% 02-16-2050	564,000	594	576
TELUS Corp. 4.85% 04-05-2044	400,000	471	461
Teranet Holdings LP 3.544% 06-11-2025	1,017,000	1,017	1,063
The Bank of Nova Scotia 1.40% 11-01-2027	2,231,000	2,176	2,141
The Bank of Nova Scotia 2.16% 02-03-2025	500,000	520	506
The Bank of Nova Scotia 3.70% 07-27-2081	850,000	850	831
The Bank of Nova Scotia Floating Rate 08-04-2026	840,000	840	840
The Empire Life Insurance Co. 3.625% 04-17-2026	197,000	197	194
The Independent Order of Foresters 2.885% 10-15-2035	368,000	369	372
The Toronto-Dominion Bank 1.888% 03-08-2028	2,020,000	2,020	1,988
The Toronto-Dominion Bank 1.896% 09-11-2028	1,090,000	1,090	1,069
The Toronto-Dominion Bank 1.943% 03-13-2025	3,367,000	3,445	3,383
The Toronto-Dominion Bank 3.06% 01-26-2032	1,660,000	1,659	1,717
The Toronto-Dominion Bank 3.105% 04-22-2030	4,173,000	4,356	4,309
The Toronto-Dominion Bank 3.589% 09-14-2028	1,891,000	2,006	1,952
The Toronto-Dominion Bank 3.60% 10-31-2081	510,000	510	495
Thomson Reuters Corp. 2.239% 05-14-2025	1,169,000	1,204	1,181
TMX Group Ltd. 2.016% 02-12-2031	240,000	240	233
Toronto Hydro Corp. 2.47% 10-20-2031	320,000	320	324
Tourmaline Oil Corp. 2.077% 01-25-2028	180,000	180	175
Tourmaline Oil Corp. 2.529% 02-12-2029	200,000	200	198
Toyota Credit Canada Inc. 1.18% 02-23-2026	400,000	400	389
TransCanada PipeLines Ltd. 3.00% 09-18-2029	224,000	223	230

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada PipeLines Ltd. 3.80% 04-05-2027	1,334,000	1,499	1,426
TransCanada PipeLines Ltd. 4.18% 07-03-2048	440,000	470	460
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	3,473,000	3,542	3,577
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	800,000	800	801
TransCanada Trust 4.20% 03-04-2081	900,000	900	887
Transcontinental Inc. 2.28% 07-13-2026	140,000	140	139
Ventas Canada Finance Ltd. 2.80% 04-12-2024	1,167,000	1,194	1,192
Waste Management of Canada Corp. 2.60% 09-23-2026	1,250,000	1,247	1,284
WSP Global Inc. 2.408% 04-19-2028	786,000	792	784
Total Corporate - Non-convertible		241,246	241,842
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	236,000	95	95
Peoples Trust 1.91% 09-01-2029	1,834,000	1,735	1,752
Scotia Capital Inc. 0.55% 01-01-2026	2,680,000	2,464	2,406
Scotia Capital Inc. 0.89% 09-01-2026	1,653,000	1,591	1,595
Scotia Capital Inc. 1.25% 03-01-2025	2,334,000	1,892	1,867
Total Mortgage Backed		7,777	7,715
Total Canadian Bonds		486,573	494,659
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	960,000	960	962
Bank of America Corp. 2.598% 04-04-2029	70,000	71	71
Goldman Sachs Group Inc. Floating Rate 04-29-2025	1,030,000	1,030	1,033
Manulife Finance (Delaware) LP 5.059% 12-15-2041	2,414,000	2,470	2,949
McDonald's Corp. 3.125% 03-04-2025	1,036,000	1,041	1,078
The Walt Disney Co. 3.057% 03-30-2027	885,000	942	918
Verizon Communications Inc. 2.375% 03-22-2028	2,085,000	2,068	2,088
Wells Fargo & Co. 2.975% 05-19-2026	300,000	324	310
Total Corporate - Non-convertible		8,906	9,409
Total United States Bonds		8,906	9,409

Canadian Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	320,000	351	355
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	600,000	600	602
Heathrow Funding Ltd. 3.40% 03-08-2028	953,000	946	989
Heathrow Funding Ltd. 3.726% 04-13-2033	200,000	200	208
Heathrow Funding Ltd. 3.782% 09-04-2032	1,004,000	1,004	1,068
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	1,479,000	1,473	1,571
United Kingdom			
Lloyds Banking Group PLC 3.50% 02-03-2025	1,552,000	1,552	1,620
Supra - National			
International Bank for Reconstruction and Development 1.95% 09-20-2029	1,262,000	1,260	1,277
Total Global Bonds		7,386	7,690
Total Bonds		502,865	511,758
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	29,619	2,868	2,798
Mackenzie Emerging Markets Local Currency Bond Index ETF *	65,978	6,110	5,625
Total Canadian Common Stock		8,978	8,423
Total Stocks		8,978	8,423

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(105)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 12,703	CAD 120.98	(9)
(68)	CAD 138.37	CAN 10YR BOND 31/03/2022	March 31, 2022	CAD 9,698	CAD 142.62	(17)
(22)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 4,337	CAD 197.13	(44)
Derivatives - Liabilities						(70)
Total Futures Contracts						(70)

Total Derivative Instruments at Fair Value

(70)

Total Investments

511,843

520,111

Canadian Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Bond Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders		
United States Dollar	\$ —	\$ 590	\$ 590	\$		\$ 6
Total	\$ —	\$ 590	\$ 590	\$	0.1%	\$ 6
As Percent of Net Assets Attributable to Contractholders					0.1%	0.2%

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 15,116	\$ 178,651	\$ 163,556	\$ 154,435	\$	\$ 511,758
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 12,002	\$ 172,364	\$ 188,379	\$ 164,572	\$	\$ 537,317

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$37,563 (\$43,279 at December 31, 2020) or approximately 6.8% (8.0% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Canadian Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	14.1	12.9	7.5	7.5
AA	25.6	23.6	32.2	31.9
A	26.9	24.7	32.1	31.8
BBB	32.6	30.0	27.2	26.9
BB and lower	0.3	0.3	0.7	0.6
NR *	0.5	0.5	0.3	0.3
Total	100.0	92.0	100.0	99.0

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$84 (nil at December 31, 2020) or approximately 0.0% (nil at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 511,758	\$ —	\$ 511,758	
Stocks	8,423	—	—	8,423	
Total assets measured at fair value	\$ 8,423	\$ 511,758	\$ —	\$ 520,181	
<u>Liabilities measured at fair value</u>					
Derivatives ⁽¹⁾	\$ 70	\$ —	\$ —	\$ 70	
Net assets attributable to contractholders measured at fair value	\$ 8,353	\$ 511,758	\$ —	\$ 520,111	

⁽¹⁾ Excludes collateral pledged to counterparties of \$1,286.

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 537,317	\$ —	\$ 537,317	
Stocks	—	—	—	—	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ —	\$ 537,317	\$ —	\$ 537,317	

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Bond Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	841,715	861,597	1,180,456	1,323,023	1,146,419	126,707	135,895	175,121	188,748	166,601
Individual No-Load (IA)	24,121	28,722	26,357	30,220	34,589	10,344	12,842	11,003	12,024	13,864
Individual Back-End Load (IB)	20,553	25,145	31,410	36,036	46,465	9,282	11,840	13,809	15,100	19,628
Managed Money (IC)	1,648	2,343	3,138	4,613	5,851	739	1,085	1,345	1,866	2,363
75/75 guarantee policy	163,711	192,384	201,609	212,412	288,353	2,204	2,701	2,642	2,654	3,631
75/100 guarantee policy	197,191	226,817	155,396	139,343	210,048	2,622	3,146	2,014	1,722	2,619
100/100 guarantee policy	17,877	23,769	23,424	26,556	27,524	236	328	302	327	342
PS1 75/75 guarantee policy	138,183	155,122	195,710	201,401	293,082	1,682	1,957	2,292	2,235	3,260
PS1 75/100 guarantee policy	158,296	197,420	174,647	146,927	173,313	1,910	2,471	2,030	1,619	1,915
PS1 100/100 guarantee policy	23,483	27,692	27,688	19,115	31,647	284	348	323	212	352
PS2 75/75 guarantee policy	181,672	215,009	198,557	217,073	278,798	2,523	3,052	2,581	2,637	3,347
PS2 75/100 guarantee policy	200,431	243,755	122,072	45,501	50,668	2,780	3,457	1,585	552	608
PS2 100/100 guarantee policy	537	548	559	570	582	8	8	7	7	7
PS 75/75 guarantee policy	466	3,927	9,369	9,245	—	5	45	99	92	—
PPS 75/75 guarantee policy	17,250	19,586	4,780	—	—	193	225	51	—	—
PPS 75/100 guarantee policy	—	—	854	—	—	—	—	9	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	150.53	157.72	148.35	142.66	145.32	(7.19)	9.37
Individual No-Load (IA)	428.84	447.11	417.46	397.89	400.82	(18.27)	29.65
Individual Back-End Load (IB)	451.63	470.87	439.65	419.04	422.42	(19.24)	31.22
Managed Money (IC)	448.54	463.29	428.51	404.59	403.86	(14.75)	34.78
75/75 guarantee policy	13.46	14.04	13.11	12.49	12.59	(0.58)	0.93
75/100 guarantee policy	13.30	13.87	12.96	12.36	12.47	(0.57)	0.91
100/100 guarantee policy	13.21	13.79	12.89	12.30	12.41	(0.58)	0.90
PS1 75/75 guarantee policy	12.17	12.62	11.71	11.10	11.12	(0.45)	0.91
PS1 75/100 guarantee policy	12.07	12.51	11.62	11.02	11.05	(0.44)	0.89
PS1 100/100 guarantee policy	12.10	12.56	11.68	11.09	11.13	(0.46)	0.88
PS2 75/75 guarantee policy	13.89	14.20	13.00	12.15	12.00	(0.31)	1.20
PS2 75/100 guarantee policy	13.87	14.18	12.99	12.14	11.99	(0.31)	1.19
PS2 100/100 guarantee policy	14.16	14.48	13.25	12.39	12.24	(0.32)	1.23
PS 75/75 guarantee policy	10.94	11.35	10.54	9.99	—	(0.41)	0.81
PPS 75/75 guarantee policy	11.17	11.51	10.63	—	—	(0.34)	0.88
PPS 75/100 guarantee policy	—	—	10.62	—	—	—	—

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Canadian Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Bond Investment Fund No. 1

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	1.95	1.96	1.97	2.00	2.25
Individual Back-End Load (IB)	1.95	1.96	1.97	2.00	2.03
Managed Money (IC)	1.02	1.02	1.03	1.05	1.19
75/75 guarantee policy	1.95	1.96	1.97	2.00	2.03
75/100 guarantee policy	2.01	2.01	2.03	2.08	2.14
100/100 guarantee policy	2.07	2.07	2.08	2.12	2.18
PS1 75/75 guarantee policy	1.38	1.39	1.39	1.40	1.39
PS1 75/100 guarantee policy	1.44	1.44	1.45	1.45	1.45
PS1 100/100 guarantee policy	1.54	1.55	1.56	1.57	1.56
PS 75/75 guarantee policy	1.42	1.41	1.41	1.41	—
PPS 75/75 guarantee policy	0.83	0.83	0.83	—	—
PPS 75/100 guarantee policy	—	—	0.88	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	89.42	62.01	90.30	37.20	30.73

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GOVERNMENT BOND INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Government Bond Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Government Bond Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,697	\$ 16
Investment income due and accrued	47	64
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	18,521	19,764
Stocks	—	—
Investment fund units	—	—
Total investments	18,521	19,764
Total assets	\$ 20,265	\$ 19,844
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	1	4
Due to brokers	679	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	680	4
Net assets attributable to contractholders	\$ 19,585	\$ 19,840

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (163)	\$ 1,149
Miscellaneous income (loss)	12	11
Total income	(151)	1,160
Expenses		
Management fees (note 8)	81	102
Transaction costs	—	—
Withholding taxes	—	—
Other	9	12
Total expenses	90	114
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (241)	\$ 1,046

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 19,840	\$ 18,874
Contractholder deposits	3,402	3,037
Contractholder withdrawals	(3,416)	(3,117)
Increase (decrease) in net assets from operations attributable to contractholders	(241)	1,046
Change in net assets attributable to contractholders	(255)	966
Net assets attributable to contractholders - end of year	\$ 19,585	\$ 19,840

Government Bond Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (241)	\$ 1,046
Adjustments		
Realized (gains) losses	(22)	(168)
Unrealized (gains) losses	491	(536)
Gross proceeds of disposition of investments	11,040	15,999
Gross payments for the purchase of investments	(10,266)	(16,346)
Change in investment income due and accrued	17	18
Change in due from/to The Canada Life Assurance Company	(3)	22
Change in due from/to brokers	679	—
	<u>1,695</u>	<u>35</u>
Financing Activities		
Contractholder deposits	3,402	3,037
Contractholder withdrawals	(3,416)	(3,117)
	<u>(14)</u>	<u>(80)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,681	(45)
Cash, short-term deposits and overdrafts, beginning of year	16	61
Cash, short-term deposits and overdrafts, end of year	<u>\$ 1,697</u>	<u>\$ 16</u>
Supplementary cash flow information		
Interest income received	\$ 321	\$ 462

Government Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2022	1,098,000	1,101	1,105
Canada Housing Trust No. 1 1.90% 09-15-2026	213,000	213	217
Canada Housing Trust No. 1 1.95% 12-15-2025	420,000	437	428
Canada Housing Trust No. 1 2.35% 09-15-2023	1,939,000	1,984	1,982
Canada Housing Trust No. 1 2.40% 12-15-2022	621,000	642	631
Canada Housing Trust No. 1 2.55% 03-15-2025	502,000	520	521
Canada Housing Trust No. 1 2.90% 06-15-2024	1,095,000	1,176	1,139
Canada Housing Trust No. 1 Floating Rate 09-15-2026	500,000	501	501
Government of Canada 0.50% 11-01-2023	684,000	678	678
Government of Canada 0.75% 10-01-2024	505,000	497	500
Government of Canada 1.00% 09-01-2026	940,000	923	929
Total Federal Government		8,672	8,631
Provincial Governments			
Province of British Columbia 2.30% 06-18-2026	253,000	259	262
Province of Manitoba 2.55% 06-02-2026	344,000	352	358
Province of Ontario 1.55% 11-01-2029	463,000	462	453
Province of Ontario 2.40% 06-02-2026	778,000	813	806
Province of Ontario 2.60% 06-02-2025	135,000	143	140
Province of Ontario 2.60% 09-08-2023	119,000	127	122
Province of Ontario 3.15% 06-02-2022	669,000	705	677
Province of Quebec 2.75% 09-01-2027	153,000	160	162
Province of Quebec 3.50% 12-01-2022	608,000	665	623
Total Provincial Governments		3,686	3,603
Municipal Governments			
City of Montreal 2.30% 09-01-2029	102,000	101	104
City of Montreal 3.50% 09-01-2023	164,000	170	170
Municipal Finance Authority of British Columbia 4.95% 12-01-2027	130,000	157	153
Total Municipal Governments		428	427
Corporate - Non-convertible			
Canada Housing Trust No. 1 Floating Rate 03-15-2026	3,750,000	3,763	3,762
Export Development Canada 1.80% 09-01-2022	260,000	259	262

Government Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
OPB Finance Trust 1.88% 02-24-2022	350,000	347	351
PSP Capital Inc. 2.05% 01-15-2030	91,000	98	92
PSP Capital Inc. 2.09% 11-22-2023	606,000	621	617
Total Corporate - Non-convertible		5,088	5,084
Mortgage Backed			
Laurentian Bank of Canada 0.878% 03-01-2026	779,000	738	730
Merrill Lynch 0.988% 03-01-2026	50,000	46	46
Total Mortgage Backed		784	776
Total Canadian Bonds		18,658	18,521
Total Bonds		18,658	18,521
Total Investments		18,658	18,521

Government Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Government Bond Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Government Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ —	\$ 3	\$ 3	\$ 3	\$ 6	
Total	\$ —	\$ 3	\$ 3	\$ 3	\$ —	
As Percent of Net Assets Attributable to Contractholders				—%	—%	

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 3,649	\$ 13,908	\$ 964	\$ —	\$ 18,521	
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 799	\$ 14,599	\$ 4,315	\$ 51	\$ 19,764	

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$369 (\$711 at December 31, 2020) or approximately 1.9% (3.6% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Government Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	65.8	62.2	35.8	35.6
AA	18.9	17.9	43.5	43.4
A	15.3	14.5	20.7	20.6
Total	100.0	94.6	100.0	99.6

F. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 18,521	\$ —	\$ 18,521
Total assets measured at fair value	\$ —	\$ 18,521	\$ —	\$ 18,521
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Net assets attributable to contractholders measured at fair value	\$ —	\$ 18,521	\$ —	\$ 18,521

⁽¹⁾ Excludes collateral pledged to counterparties of \$10.

Government Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Fair Value Classification (continued)

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			Total
	Level 1	Level 2	Level 3	
Bonds	\$ —	\$ 19,764	\$ —	\$ 19,764
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 19,764	\$ —	\$ 19,764

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Government Bond Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	44,039	38,554	39,586	27,650	24,918	15,451	13,637	13,223	8,992	7,941
Individual No-Load (IA)	3,023	3,577	3,929	4,039	5,236	1,068	1,299	1,374	1,403	1,816
Individual Back-End Load (IB)	2,619	3,845	4,302	5,062	6,992	973	1,468	1,582	1,848	2,551
Managed Money (IC)	720	1,044	968	1,103	1,395	245	362	320	359	449
75/75 guarantee policy	85,613	95,140	85,811	84,644	91,299	922	1,053	914	895	965
75/100 guarantee policy	17,397	40,668	19,942	25,372	36,806	186	447	211	267	387
100/100 guarantee policy	—	—	—	1,345	1,719	—	—	—	14	18
PS1 75/75 guarantee policy	34,867	36,687	40,501	37,856	46,397	373	401	424	391	476
PS1 75/100 guarantee policy	2,841	30,742	9,923	10,243	9,883	30	335	103	105	101
PS1 100/100 guarantee policy	5,842	29,297	—	—	—	61	316	—	—	—
PS2 75/75 guarantee policy	12,806	15,093	42,445	20,623	23,085	157	186	494	234	256
PS2 75/100 guarantee policy	190	2,680	1,823	240	258	2	33	21	3	3
PS 75/75 guarantee policy	—	1,471	1,479	—	—	—	16	15	—	—
PS 75/100 guarantee policy	—	11,996	182	184	—	—	128	2	2	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	350.85	353.71	334.03	325.21	318.71	(2.86)	19.68
Individual No-Load (IA)	353.36	363.21	349.76	347.23	346.82	(9.85)	13.45
Individual Back-End Load (IB)	371.49	381.85	367.71	365.05	364.88	(10.36)	14.14
Managed Money (IC)	340.46	346.65	330.65	325.15	321.79	(6.19)	16.00
75/75 guarantee policy	10.76	11.06	10.66	10.58	10.57	(0.30)	0.40
75/100 guarantee policy	10.68	10.99	10.58	10.51	10.52	(0.31)	0.41
100/100 guarantee policy	—	—	—	10.42	10.42	—	—
PS1 75/75 guarantee policy	10.70	10.93	10.47	10.33	10.27	(0.23)	0.46
PS1 75/100 guarantee policy	10.64	10.88	10.42	10.29	10.23	(0.24)	0.46
PS1 100/100 guarantee policy	10.53	10.78	—	—	—	(0.25)	0.45
PS2 75/75 guarantee policy	12.23	12.33	11.64	11.33	11.10	(0.10)	0.69
PS2 75/100 guarantee policy	12.23	12.33	11.64	11.33	11.10	(0.10)	0.69
PS 75/75 guarantee policy	—	10.66	10.21	—	—	—	0.45
PS 75/100 guarantee policy	—	10.64	10.20	10.08	—	—	0.44

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Government Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Government Bond Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	1.97	1.98	1.99	2.03	2.26
Individual Back-End Load (IB)	1.98	1.98	1.99	2.01	2.04
Managed Money (IC)	1.02	1.03	1.03	1.06	1.20
75/75 guarantee policy	1.97	1.98	1.99	2.01	2.04
75/100 guarantee policy	2.04	2.03	2.05	2.09	2.14
100/100 guarantee policy	—	—	—	2.14	2.19
PS1 75/75 guarantee policy	1.39	1.40	1.40	1.41	1.40
PS1 75/100 guarantee policy	1.47	1.45	1.46	1.46	1.45
PS1 100/100 guarantee policy	1.56	1.56	—	—	—
PS 75/75 guarantee policy	—	1.42	1.43	—	—
PS 75/100 guarantee policy	—	1.47	1.53	1.47	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	53.18	75.98	76.89	36.00	34.57

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN MONEY MARKET INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Money Market Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Money Market Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash	\$ 27,580	\$ 1,340
Investment income due and accrued	189	—
Due from The Canada Life Assurance Company (note 7)	238	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	101,299	170,426
Stocks	—	—
Investment fund units	—	—
Total investments	101,299	170,426
Total assets	\$ 129,306	\$ 171,766
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	264
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	264
Net assets attributable to contractholders	\$ 129,306	\$ 171,502

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 337	\$ 1,254
Miscellaneous income (loss)	31	87
Total income	368	1,341
Expenses		
Management fees (note 7)	36	507
Transaction costs	—	—
Withholding taxes	—	—
Other	11	61
Total expenses	47	568
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 321	\$ 773

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 171,502	\$ 125,294
Contractholder deposits	132,942	165,000
Contractholder withdrawals	(175,459)	(119,565)
Increase (decrease) in net assets from operations attributable to contractholders	321	773
Change in net assets attributable to contractholders	(42,196)	46,208
Net assets attributable to contractholders - end of year	\$ 129,306	\$ 171,502

Canadian Money Market Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 321	\$ 773
Adjustments		
Add back amortization of premium (discount)	414	(1,233)
Realized (gains) losses	—	—
Unrealized (gains) losses	—	—
Gross proceeds of disposition of investments	520,828	345,750
Gross payments for the purchase of investments	(452,115)	(392,835)
Change in investment income due and accrued	(189)	—
Change in due from/to The Canada Life Assurance Company	(502)	493
	<u>68,757</u>	<u>(47,052)</u>
Financing Activities		
Contractholder deposits	132,942	165,000
Contractholder withdrawals	(175,459)	(119,565)
	<u>(42,517)</u>	<u>45,435</u>
Net increase (decrease) in cash and overdrafts	26,240	(1,617)
Cash and overdrafts, beginning of year	1,340	2,957
Cash and overdrafts, end of year	\$ 27,580	\$ 1,340
Supplementary cash flow information		
Interest income received	\$ 562	\$ 21

Canadian Money Market Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 Floating Rate 09-15-2022	10,300,000	10,348	10,326
Federation des Caisses Desjardins du Quebec Floating Rate 08-23-2022	1,410,000	1,410	1,410
Total Federal Government		11,758	11,736
Corporate - Non-convertible			
Alectra Inc. 3.033% 07-25-2022	900,000	919	913
Bank of Montreal Floating Rate 02-16-2022	2,969,000	2,969	2,969
Canada Housing Trust No. 1 Floating Rate 03-15-2022	1,430,000	1,434	1,431
Federation des Caisses Desjardins du Quebec 2.091% 01-17-2022	3,710,000	3,762	3,713
Greater Toronto Airports Authority 3.04% 09-21-2022	1,200,000	1,222	1,216
HSBC Bank Canada 2.17% 06-29-2022	1,570,000	1,593	1,583
HSBC Bank Canada 2.253% 09-15-2022	760,000	773	769
John Deere Financial Inc. 2.99% 01-14-2022	3,830,000	3,895	3,834
Manulife Bank of Canada 2.082% 05-26-2022	450,000	456	453
National Bank of Canada 2.11% 03-18-2022	990,000	1,004	994
OMERS Realty Corp. 1.82% 05-09-2022	2,230,000	2,246	2,239
OPB Finance Trust 1.88% 02-24-2022	1,358,000	1,374	1,361
Royal Bank of Canada 1.968% 03-02-2022	250,000	252	251
Royal Bank of Canada 2.00% 03-21-2022	480,000	487	482
Royal Bank of Canada Floating Rate 06-27-2022	390,000	391	390
Royal Bank of Canada Floating Rate 11-24-2022	2,000,000	2,000	2,000
The Bank of Nova Scotia 1.83% 04-27-2022	3,010,000	3,038	3,024
The Toronto-Dominion Bank 1.994% 03-23-2022	3,590,000	3,624	3,604
Toyota Credit Canada Inc. 2.02% 02-28-2022	530,000	536	531
Toyota Credit Canada Inc. 2.35% 07-18-2022	810,000	823	818
Total Corporate - Non-convertible		32,798	32,575
Total Canadian Bonds		44,556	44,311
Short Term Notes			
AltaLink LP 0.262% 01-31-2022	360,000	360	360
Bank of China 0.518% 01-18-2022	2,300,000	2,294	2,299

Canadian Money Market Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Short Term Notes (continued)			
Bank of China 0.568% 04-18-2022	400,000	398	399
Bank of China 0.568% 04-19-2022	400,000	398	399
Bank of China 0.588% 05-12-2022	630,000	628	629
Bay Street Funding Trust 0.282% 03-23-2022	700,000	700	700
Canadian Imperial Bank of Commerce 0.224% 01-20-2022	2,000,000	2,000	2,000
Canadian Imperial Bank of Commerce 0.26% 03-14-2022	1,700,000	1,699	1,699
Central 1 Credit Union 0.239% 01-04-2022	200,000	200	200
Central 1 Credit Union 0.271% 01-06-2022	630,000	630	630
Central 1 Credit Union 0.282% 02-04-2022	590,000	590	590
Central 1 Credit Union 0.282% 02-10-2022	1,010,000	1,010	1,010
City of Montreal 0.312% 02-17-2022	390,000	390	390
Enbridge Pipeline Inc. 0.475% 01-10-2022	910,000	910	910
Enbridge Pipeline Inc. 0.542% 01-26-2022	110,000	110	110
Energir Inc. 0.26% 01-07-2022	710,000	710	710
Energir Inc. 0.32% 02-18-2022	470,000	470	470
FortisBC Energy Inc. 0.279% 03-24-2022	590,000	590	590
FortisBC Energy Inc. 0.282% 02-24-2022	400,000	400	400
FortisBC Inc. 0.248% 02-09-2022	390,000	390	390
Intact Financial Corp. 0.265% 01-18-2022	410,000	410	410
Intact Financial Corp. 0.291% 02-01-2022	890,000	890	890
Intact Financial Corp. 0.309% 03-08-2022	570,000	570	570
Lower Mattagami Energy LP 0.308% 03-16-2022	770,000	769	770
Manulife Bank of Canada 0.479% 06-01-2022	360,000	359	359
Manulife Bank of Canada 0.489% 06-13-2022	390,000	389	389
Merit Trust 0.247% 01-20-2022	300,000	300	300
Nova Scotia Power 0.257% 01-26-2022	790,000	790	790
Nova Scotia Power Inc. 0.261% 01-13-22	290,000	290	290
Nova Scotia Power Inc. 0.264% 01-28-2022	590,000	590	590
Nova Scotia Power Inc. 0.265% 01-17-2022	210,000	210	210
Nova Scotia Power Inc. 0.265% 02-02-2022	650,000	650	650
Province of Alberta 0.203% 01-27-2022	8,200,000	8,197	8,199
Province of New Foundland & 0.229% 03-24-2022	1,260,000	1,259	1,259
Province of Newfoundland & Labrador 0.239% 03-17-2022	2,000,000	1,999	1,999
Province of Newfoundland & Labrador 0.241% 03-31-2022	2,650,000	2,648	2,648
Province of Prince Edward Island 0.201% 03-08-2022	2,000,000	1,999	1,999
Province of Prince Edward Island 0.231% 03-22-2022	1,910,000	1,909	1,909
Province of Saskatchewan 0.248% 02-07-2022	1,030,000	1,029	1,030

Canadian Money Market Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Short Term Notes (continued)			
Royal Bank of Canada 0.259% 01-31-2022	3,000,000	2,999	2,999
Safe Trust 0.259% 01-19-2022	2,978,000	2,977	2,978
Sound Trust 0.259% 01-19-2022	1,110,000	1,110	1,110
Stable Trust 0.259% 01-19-2022	170,000	170	170
Sure Trust 0.259% 01-19-2022	1,214,000	1,213	1,214
The Toronto-Dominion Bank 0.224% 01-31-2022	6,365,000	6,364	6,364
Toyota Credit Canada Inc. 0.31% 06-21-2022	2,010,000	2,005	2,007
Total Short Term Notes		56,972	56,988
Total Bonds		101,528	101,299
Total Investments		101,528	101,299

Canadian Money Market Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Money Market Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less ⁽¹⁾	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 101,299	\$ —	\$ —	\$ —	\$ 101,299

2020					
	1 year or less ⁽¹⁾	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 170,426	\$ —	\$ —	\$ —	\$ 170,426

⁽¹⁾ For presentation purposes, short-term notes are included in Bonds on the Statement of Financial Position.

Canadian Money Market Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, and 2020, a 1% increase or 1% decrease in the prevailing interest rates, with all other variables held constant, would have no impact on the total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

D. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 101,299	\$ —	\$ 101,299
Total assets measured at fair value	\$ —	\$ 101,299	\$ —	\$ 101,299

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 170,426	\$ —	\$ 170,426
Total assets measured at fair value	\$ —	\$ 170,426	\$ —	\$ 170,426

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Money Market Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	32,811	42,056	39,252	49,164	35,800	28,201	36,066	33,384	41,087	29,489
Individual No-Load (IA)	61,151	75,314	71,415	70,018	90,219	13,819	16,998	16,091	15,688	20,150
Individual Back-End Load (IB)	55,479	64,501	52,580	56,387	76,242	12,399	14,397	11,719	12,511	16,873
Managed Money (IC)	26,002	8,914	6,983	11,084	12,059	6,697	2,290	1,784	2,807	3,037
75/75 guarantee policy	1,234,053	1,723,257	1,627,448	1,732,590	1,626,692	12,561	17,518	16,520	17,509	16,396
75/100 guarantee policy	1,053,919	1,051,986	834,418	1,223,258	977,352	10,731	10,698	8,473	12,366	9,854
100/100 guarantee policy	332,761	330,713	35,756	39,402	69,219	3,386	3,361	363	398	698
PS1 75/75 guarantee policy	951,450	960,749	565,281	808,985	625,057	9,821	9,905	5,814	8,254	6,346
PS1 75/100 guarantee policy	627,948	912,718	565,259	791,919	843,160	6,463	9,382	5,798	8,063	8,545
PS1 100/100 guarantee policy	664,127	722,490	95,905	105,887	112,353	6,826	7,417	982	1,077	1,138
PS2 75/75 guarantee policy	784,012	778,421	624,762	1,111,462	673,674	8,729	8,601	6,821	11,920	7,119
PS2 75/100 guarantee policy	747,460	669,123	633,065	472,043	539,671	8,327	7,395	6,911	5,062	5,702
PS2 100/100 guarantee policy	441	25,567	455	10,171	11,246	5	283	5	109	119
PS 75/75 guarantee policy	59,000	105,471	69,595	13,311	—	601	1,071	703	134	—
PS 75/100 guarantee policy	8,032	25,928	61,212	8,279	—	82	263	619	83	—
PPS 75/75 guarantee policy	57,536	107,475	57,385	48,539	—	589	1,098	583	488	—
PPS 75/100 guarantee policy	930	586	49,788	—	—	10	6	505	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	859.51	857.58	850.52	835.71	823.74	1.93	7.06
Individual No-Load (IA)	225.99	225.70	225.31	224.06	223.34	0.29	0.39
Individual Back-End Load (IB)	223.49	223.21	222.88	221.88	221.31	0.28	0.33
Managed Money (IC)	257.57	256.91	255.54	253.28	251.85	0.66	1.37
75/75 guarantee policy	10.18	10.17	10.15	10.11	10.08	0.01	0.02
75/100 guarantee policy	10.18	10.17	10.15	10.11	10.08	0.01	0.02
100/100 guarantee policy	10.18	10.16	10.15	10.11	10.08	0.02	0.01
PS1 75/75 guarantee policy	10.32	10.31	10.29	10.20	10.15	0.01	0.02
PS1 75/100 guarantee policy	10.29	10.28	10.26	10.18	10.13	0.01	0.02
PS1 100/100 guarantee policy	10.28	10.27	10.24	10.17	10.13	0.01	0.03
PS2 75/75 guarantee policy	11.13	11.05	10.92	10.72	10.57	0.08	0.13
PS2 75/100 guarantee policy	11.14	11.05	10.92	10.72	10.57	0.09	0.13
PS2 100/100 guarantee policy	11.15	11.05	10.91	10.72	10.56	0.10	0.14
PS 75/75 guarantee policy	10.18	10.15	10.10	10.03	—	0.03	0.05
PS 75/100 guarantee policy	10.18	10.15	10.10	10.03	—	0.03	0.05
PPS 75/75 guarantee policy	10.24	10.22	10.15	10.05	—	0.02	0.07
PPS 75/100 guarantee policy	10.23	10.20	10.15	—	—	0.03	0.05

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash and Overdrafts

Cash and overdrafts are comprised of cash on deposit and overdrafts in the bank. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Money Market Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Money Market Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	0.13	0.67	1.24	1.15	0.68
Individual Back-End Load (IB)	0.13	0.67	1.35	1.21	0.68
Managed Money (IC)	—	0.28	0.91	0.91	0.72
75/75 guarantee policy	0.13	0.70	1.35	1.22	0.69
75/100 guarantee policy	0.13	0.68	1.35	1.21	0.69
100/100 guarantee policy	0.13	0.57	1.39	1.20	0.69
PS1 75/75 guarantee policy	0.13	0.60	1.00	0.98	0.66
PS1 75/100 guarantee policy	0.13	0.59	1.05	1.02	0.67
PS1 100/100 guarantee policy	0.13	0.56	1.10	1.05	0.66
PS 75/75 guarantee policy	—	0.32	1.05	1.04	—
PS 75/100 guarantee policy	—	0.44	1.04	1.04	—
PPS 75/75 guarantee policy	—	0.20	0.72	0.72	—
PPS 75/100 guarantee policy	—	0.46	0.77	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	1.13	1.24	1.24	1.23	1.23
Individual Back-End Load (IB)	1.23	1.35	1.35	1.34	1.34
Managed Money (IC)	0.82	0.91	0.91	0.91	0.90
75/75 guarantee policy	1.23	1.35	1.35	1.34	1.34
75/100 guarantee policy	1.23	1.35	1.35	1.33	1.34
100/100 guarantee policy	1.27	1.39	1.39	1.38	1.38
PS1 75/75 guarantee policy	0.91	1.00	1.00	0.99	0.99
PS1 75/100 guarantee policy	0.96	1.05	1.05	1.05	1.05
PS1 100/100 guarantee policy	1.01	1.11	1.10	1.10	1.10
PS 75/75 guarantee policy	0.97	1.07	1.07	1.07	—
PS 75/100 guarantee policy	0.97	1.07	1.07	1.07	—
PPS 75/75 guarantee policy	0.65	0.72	0.72	0.72	—
PPS 75/100 guarantee policy	0.70	0.78	0.77	—	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The waiving of direct expenses to the segregated funds is done on a discretionary basis to maintain management expense ratios at competitive levels. There is no obligation on the Company to waive expenses and it may cease to do so at any time.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORPORATE BOND FUND 18.51PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Corporate Bond Fund 18.51PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Corporate Bond Fund 18.51PIM

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 6,265	\$ 803
Investment income due and accrued	962	1,116
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	134,737	154,388
Stocks	11,815	748
Investment fund units	—	—
Derivatives (note 7)	50	—
Total investments	146,602	155,136
Total assets	\$ 153,829	\$ 157,055
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	52	97
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	102	—
Total liabilities excluding net assets attributable to contractholders	154	97
Net assets attributable to contractholders	\$ 153,675	\$ 156,958

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (2,692)	\$ 13,068
Miscellaneous income (loss)	15	10
Total income	(2,677)	13,078
Expenses		
Management fees (note 8)	333	406
Transaction costs	5	1
Withholding taxes	1	—
Other	50	51
Total expenses	389	458
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (3,066)	\$ 12,620

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 156,958	\$ 155,202
Contractholder deposits	18,409	13,824
Contractholder withdrawals	(18,626)	(24,688)
Increase (decrease) in net assets from operations attributable to contractholders	(3,066)	12,620
Change in net assets attributable to contractholders	(3,283)	1,756
Net assets attributable to contractholders - end of year	\$ 153,675	\$ 156,958

Corporate Bond Fund 18.51PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (3,066)	\$ 12,620
Adjustments		
Realized (gains) losses	(776)	(1,716)
Unrealized (gains) losses	8,211	(6,311)
Gross proceeds of disposition of investments	92,158	67,514
Gross payments for the purchase of investments	(90,957)	(61,820)
Change in investment income due and accrued	154	18
Change in due from/to The Canada Life Assurance Company	(45)	25
	<u>5,679</u>	<u>10,330</u>
Financing Activities		
Contractholder deposits	18,409	13,824
Contractholder withdrawals	(18,626)	(24,688)
	<u>(217)</u>	<u>(10,864)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	5,462	(534)
Cash, short-term deposits and overdrafts, beginning of year	803	1,337
Cash, short-term deposits and overdrafts, end of year	\$ 6,265	\$ 803
Supplementary cash flow information		
Interest income received	\$ 4,623	\$ 5,023
Dividend income received	269	32

Corporate Bond Fund 18.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	466,000	498	495
Ontario Power Generation Inc. 3.315% 10-04-2027	1,071,000	1,077	1,141
Province of Alberta 1.65% 06-01-2031	3,500,000	3,387	3,372
Province of Alberta 2.95% 06-01-2052	370,000	378	402
Province of Alberta 3.10% 06-01-2050	300,000	317	333
Province of British Columbia 2.75% 06-18-2052	90,000	89	97
Province of Ontario 1.90% 12-02-2051	1,841,000	1,510	1,628
Province of Ontario 2.25% 12-02-2031	60,000	60	61
Province of Ontario 2.65% 12-02-2050	530,000	535	551
Province of Ontario 3.45% 06-02-2045	450,000	514	528
Province of Quebec 3.10% 12-01-2051	240,000	257	275
Province of Quebec 3.50% 12-01-2048	170,000	197	206
Total Provincial Governments		8,819	9,089
Corporate - Non-convertible			
407 International Inc. 3.72% 05-11-2048	372,000	439	417
407 International Inc. 3.83% 05-11-2046	1,646,000	1,719	1,866
AIMCo Realty Investors LP 2.195% 11-04-2026	206,000	206	208
AIMCo Realty Investors LP 2.712% 06-01-2029	754,000	758	775
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	49,000	56	53
Algonquin Power Co. 2.85% 07-15-2031	201,000	201	203
Allied Properties REIT 1.726% 02-12-2026	531,000	528	518
AltaGas Ltd. 2.166% 03-16-2027	152,000	152	150
AltaLink LP 1.509% 09-11-2030	210,000	210	199
AltaLink LP 3.99% 06-30-2042	2,211,000	2,360	2,569
ARC Resources Ltd. 2.354% 03-10-2026	273,000	273	273
ARC Resources Ltd. 3.465% 03-10-2031	275,000	275	282
Bank of Montreal 1.551% 05-28-2026	817,000	817	802
Bank of Montreal 1.758% 03-10-2026	480,000	480	477
Bank of Montreal 1.928% 07-22-2031	330,000	330	325
Bank of Montreal 4.30% 11-26-2025	79,000	79	82
BCI QuadReal Realty 1.056% 03-12-2024	146,000	146	145
BCI QuadReal Realty 1.073% 02-04-2026	215,000	215	208
BCI QuadReal Realty 1.747% 07-24-2030	697,000	701	669
Bell Canada Inc. 1.65% 08-16-2027	50,000	50	48
Bell Canada Inc. 2.20% 05-29-2028	270,000	270	267

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bell Canada Inc. 3.50% 09-30-2050	56,000	56	54
Bell Canada Inc. 4.45% 02-27-2047	20,000	24	22
Bell Canada Inc. 4.75% 09-29-2044	1,139,000	1,188	1,319
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	101,000	101	99
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	518,000	595	566
Brookfield Infrastructure Partners 3.315% 02-22-2024	766,000	772	790
Brookfield Property Finance ULC 3.93% 01-15-2027	838,000	838	843
Brookfield Property Finance ULC 4.30% 03-01-2024	575,000	575	588
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	173,000	195	184
Brookfield Renewable Partners ULC 3.33% 08-13-2050	317,000	317	313
Brookfield Renewable Partners ULC 3.38% 01-15-2030	44,000	48	47
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	41,000	41	41
Bruce Power LP 2.68% 12-21-2028	182,000	182	185
Bruce Power LP 3.00% 06-21-2024	332,000	346	342
Calgary Airport Authority 3.199% 10-07-2036	97,000	97	100
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	2,290,000	2,288	2,215
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	760,000	760	750
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	100,000	100	104
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	85,000	85	85
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	215,000	215	215
Canadian Natural Resources Ltd. 2.50% 01-17-2028	307,000	307	307
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	537,000	537	546
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	423,000	425	445
Canadian Western Bank 1.818% 12-16-2027	613,000	613	594
Canadian Western Bank 1.926% 04-16-2026	386,000	387	383
Canadian Western Bank 5.00% 07-31-2081	45,000	45	45
Canadian Western Bank 6.00% 04-30-2081	143,000	143	152
Canadian Western Bank Floating Rate 01-22-2024	446,000	446	447
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	22,000	22	22
Capital Power Corp. 3.147% 10-01-2032	225,000	225	222
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	126,000	126	130
CCL Industries Inc. 3.864% 04-13-2028	608,000	637	650
Cenovus Energy Inc. 3.50% 02-07-2028	330,000	330	346
Cenovus Energy Inc. 3.60% 03-10-2027	1,300,000	1,302	1,365
Central 1 Credit Union 2.391% 06-30-2031	130,000	130	129
Central 1 Credit Union 2.584% 12-06-2023	769,000	763	784

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CGI Inc. 2.10% 09-18-2028	643,000	646	632
Choice Properties REIT 2.456% 11-30-2026	118,000	118	119
Choice Properties REIT 4.178% 03-08-2028	610,000	616	667
Cogeco Communications Inc. 2.991% 09-22-2031	571,000	566	568
Corus Entertainment Inc. 5.00% 05-11-2028	41,000	41	41
Crombie REIT 2.686% 03-31-2028	210,000	210	210
Crombie REIT 3.133% 08-12-2031	105,000	105	104
CT REIT 3.289% 06-01-2026	504,000	503	524
CU Inc. 4.085% 09-02-2044	210,000	235	246
CU Inc. 5.896% 11-20-2034	1,382,000	1,811	1,848
Curaleaf Holdings Inc. 8.00% 12-15-2026	110,000	141	140
Dollarama Inc. 1.505% 09-20-2027	960,000	947	924
Dream Industrial REIT 1.662% 12-22-2025	306,000	306	301
Dream Industrial REIT 2.057% 06-17-2027	476,000	476	469
Dream Industrial REIT 2.539% 12-07-2026	155,000	155	157
Enbridge Gas Inc. 2.90% 04-01-2030	671,000	713	701
Enbridge Gas Inc. 3.20% 09-15-2051	1,176,000	1,134	1,204
Enbridge Gas Inc. 3.65% 04-01-2050	20,000	22	22
Enbridge Inc. 2.99% 10-03-2029	1,060,000	1,059	1,081
Enbridge Inc. 3.10% 09-21-2033	411,000	410	406
Enbridge Inc. 5.375% 09-27-2077	1,097,000	1,058	1,160
Enbridge Inc. 6.625% 04-12-2078	870,000	992	986
Enbridge Pipelines Inc. 4.13% 08-09-2046	600,000	607	626
Enbridge Pipelines Inc. 4.33% 02-22-2049	90,000	94	97
EPCOR Utilities Inc. 3.554% 11-27-2047	395,000	405	432
EPCOR Utilities Inc. 5.65% 11-16-2035	480,000	625	630
Equitable Bank 1.876% 11-26-2025	275,000	272	270
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	519,000	520	541
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	304,000	328	326
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	690,000	690	667
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	537,000	537	549
First National Financial Corp. 2.961% 11-17-2025	126,000	126	128
Ford Credit Canada Co. 3.349% 09-19-2022	218,000	217	220
Fortified Trust 1.964% 10-23-2026	469,000	469	470
FortisAlberta Inc. 2.632% 06-08-2051	77,000	77	71
FortisBC Energy Inc. 2.54% 07-13-2050	279,000	279	258
FortisBC Energy Inc. 3.85% 12-07-2048	293,000	293	341

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
FortisBC Energy Inc. 5.00% 11-24-2050	422,000	612	567
GFL Environmental Inc. 3.50% 09-01-2028 144A	2,000	2	2
Gibson Energy Inc. 3.60% 09-17-2029	236,000	235	248
Gibson Energy Inc. 5.25% 12-22-2030	215,000	215	217
Glacier Credit Card Trust 3.29% 09-20-2022	307,000	314	310
Granite REIT Holdings LP 2.194% 08-30-2028	402,000	403	397
Granite REIT Holdings LP 2.378% 12-18-2030	101,000	101	98
Greater Toronto Airports Authority 6.98% 10-15-2032	1,387,000	1,974	1,933
H&R REIT 2.633% 02-19-2027	329,000	330	329
H&R REIT 2.906% 06-02-2026	74,000	74	75
H&R REIT 3.369% 01-30-2024	626,000	625	644
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	382,000	382	391
Honda Canada Finance Inc. 1.337% 03-17-2026	56,000	56	55
Honda Canada Finance Inc. 1.646% 02-25-2028	350,000	350	339
Honda Canada Finance Inc. Floating Rate 02-26-2024	337,000	337	337
Hydro One Inc. 1.41% 10-15-2027	118,000	118	114
Hydro One Inc. 2.23% 09-17-2031	320,000	320	316
Hydro One Inc. 3.10% 09-15-2051	80,000	77	81
Hyundai Capital Canada Inc. 2.008% 05-12-2026	170,000	170	168
Intact Financial Corp. 2.179% 05-18-2028	176,000	176	176
Intact Financial Corp. 4.125% 03-31-2081	67,000	67	68
Inter Pipeline Ltd. 3.173% 03-24-2025	68,000	67	70
Inter Pipeline Ltd. 3.484% 12-16-2026	105,000	111	109
Inter Pipeline Ltd. 3.983% 11-25-2031	490,000	490	504
Inter Pipeline Ltd. 4.232% 06-01-2027	170,000	181	182
Inter Pipeline Ltd. 6.875% 03-26-2079	296,000	294	320
John Deere Financial Inc. 1.63% 04-09-2026	81,000	81	80
Keyera Corp. 3.959% 05-29-2030	208,000	223	221
Keyera Corp. 5.95% 03-10-2081	112,000	112	115
Kruger Packaging Holdings LP 6.00% 06-01-2026	120,000	120	127
Kruger Products LP 5.375% 04-09-2029	20,000	20	20
Kruger Products LP 6.00% 04-24-2025	199,000	199	207
Laurentian Bank of Canada 1.15% 06-03-2024	228,000	228	225
Laurentian Bank of Canada 1.603% 05-06-2026	69,000	69	69
Laurentian Bank of Canada 4.25% 06-22-2027	1,345,000	1,373	1,365
Loblaw Companies Ltd. 4.488% 12-11-2028	319,000	325	360
Loblaw Companies Ltd. 5.90% 01-18-2036	2,201,000	2,519	2,810

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Lower Mattagami Energy LP 2.433% 05-14-2031	223,000	223	227
Manulife Bank of Canada 1.337% 02-26-2026	364,000	364	356
Manulife Bank of Canada 1.504% 06-25-2025	296,000	296	294
Manulife Financial Corp. 2.237% 05-12-2030	644,000	644	650
Manulife Financial Corp. 3.049% 08-20-2029	528,000	525	544
Manulife Financial Corp. 3.375% 06-19-2081	590,000	590	573
Manulife Financial Corp. 4.10% 03-19-2082	255,000	255	253
MCAP Commercial LP 3.743% 08-25-2025	246,000	246	254
Metro Inc. 3.39% 12-06-2027	798,000	797	846
Morgan Stanley Floating Rate 03-21-2025	655,000	655	656
Morguard Corp. 4.402% 09-28-2023	328,000	328	332
National Bank of Canada 1.534% 06-15-2026	202,000	202	198
National Bank of Canada 1.573% 08-18-2026	132,000	132	131
National Bank of Canada 2.237% 11-04-2026	286,000	286	288
National Bank of Canada 4.05% 08-15-2081	135,000	135	133
National Bank of Canada 4.30% 11-15-2025	292,000	292	301
North West Redwater Partnership 2.80% 06-01-2027	325,000	337	334
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	494,000	493	496
Parkland Corp. of Canada 3.875% 06-16-2026	316,000	316	315
Parkland Corp. of Canada 4.375% 03-26-2029	577,000	577	574
Parkland Corp. of Canada 4.50% 10-01-2029 144A	540,000	680	685
Parkland Corp. of Canada 6.00% 06-23-2028	237,000	237	251
Pembina Pipeline Corp. 3.31% 02-01-2030	1,029,000	1,048	1,059
Pembina Pipeline Corp. 3.53% 12-10-2031	185,000	185	189
Pembina Pipeline Corp. 3.71% 08-11-2026	943,000	987	996
Pembina Pipeline Corp. 4.54% 04-03-2049	170,000	173	181
Pembina Pipeline Corp. 4.67% 05-28-2050	312,000	354	338
Pembina Pipeline Corp. 4.74% 01-21-2047	83,000	91	90
Pembina Pipeline Corp. 4.75% 03-26-2048	103,000	114	113
Pembina Pipeline Corp. 4.80% 01-25-2031	160,000	160	158
Pembina Pipeline Corp. 4.81% 03-25-2044	133,000	145	146
Reliance LP 2.67% 08-01-2028	540,000	542	540
Reliance LP 2.68% 12-01-2027	389,000	389	391
RioCan REIT 1.974% 06-15-2026	383,000	383	377
RioCan REIT 2.829% 11-08-2028	101,000	101	102
Rogers Communication Inc. 5.00% 12-17-2081	284,000	284	288
Royal Bank of Canada 1.67% 01-28-2033	676,000	668	647

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 1.833% 07-31-2028	528,000	528	516
Royal Bank of Canada 2.088% 06-30-2030	235,000	235	235
Royal Bank of Canada 2.14% 11-03-2031	407,000	407	404
Royal Bank of Canada 2.74% 07-25-2029	1,419,000	1,445	1,448
Royal Bank of Canada 2.88% 12-23-2029	611,000	611	626
Royal Bank of Canada 3.65% 11-24-2081	399,000	399	387
Royal Bank of Canada 4.50% 11-24-2080	37,000	37	39
Russel Metals Inc. 5.75% 10-27-2025	278,000	278	292
Sagen MI Canada Inc. 3.261% 03-05-2031	429,000	426	434
Sagen MI Canada Inc. 4.95% 03-24-2081	154,000	154	155
Saputo Inc. 1.415% 06-19-2026	495,000	495	479
Saputo Inc. 2.242% 06-16-2027	316,000	316	314
Saputo Inc. 2.297% 06-22-2028	120,000	120	119
Shaw Communications Inc. 2.90% 12-09-2030	752,000	762	743
Shaw Communications Inc. 3.80% 03-01-2027	781,000	793	826
Shaw Communications Inc. 6.75% 11-09-2039	465,000	598	622
Sienna Senior Living Inc. 2.82% 03-31-2027	81,000	81	82
SmartCentres REIT 3.192% 06-11-2027	172,000	172	177
SmartCentres REIT 3.444% 08-28-2026	375,000	397	391
Sobeys Inc. 4.70% 08-08-2023	213,000	229	222
Stantec Inc. 2.048% 10-08-2027	287,000	287	281
Summit Industrial Income REIT 1.82% 04-01-2026	114,000	114	112
Summit Industrial Income REIT 2.15% 09-17-2025	176,000	176	176
Summit Industrial Income REIT 2.25% 01-12-2027	482,000	483	480
Summit Industrial Income REIT 2.44% 07-14-2028	119,000	119	118
Sun Life Financial Inc. 2.06% 10-01-2035	490,000	490	469
Sun Life Financial Inc. 2.38% 08-13-2029	1,072,000	1,072	1,088
Sun Life Financial Inc. 2.58% 05-10-2032	194,000	194	197
Sun Life Financial Inc. 2.80% 11-21-2033	467,000	467	478
Sun Life Financial Inc. 3.60% 06-30-2081	278,000	278	273
Sun Life Financial Inc. 5.40% 05-29-2042	867,000	952	1,106
Suncor Energy Inc. 3.10% 05-24-2029	1,705,000	1,734	1,755
Suncor Energy Inc. 3.95% 03-04-2051	299,000	294	302
Superior Plus LP 4.25% 05-18-2028	520,000	521	524
TELUS Corp. 2.05% 10-07-2030	480,000	453	454
TELUS Corp. 2.85% 11-13-2031	432,000	429	431
TELUS Corp. 3.15% 02-19-2030	209,000	220	216

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TELUS Corp. 3.30% 05-02-2029	1,164,000	1,183	1,220
TELUS Corp. 3.625% 03-01-2028	302,000	301	322
TELUS Corp. 3.95% 02-16-2050	173,000	181	177
TELUS Corp. 4.85% 04-05-2044	599,000	743	690
Teranet Holdings LP 3.544% 06-11-2025	685,000	685	716
The Bank of Nova Scotia 1.40% 11-01-2027	1,064,000	1,047	1,021
The Bank of Nova Scotia 1.85% 11-02-2026	474,000	474	469
The Bank of Nova Scotia 3.70% 07-27-2081	497,000	497	486
The Empire Life Insurance Co. 3.625% 04-17-2026	116,000	116	114
The Independent Order of Foresters 2.885% 10-15-2035	275,000	275	278
The Toronto-Dominion Bank 1.888% 03-08-2028	1,179,000	1,179	1,161
The Toronto-Dominion Bank 1.943% 03-13-2025	298,000	298	299
The Toronto-Dominion Bank 3.06% 01-26-2032	180,000	191	186
The Toronto-Dominion Bank 3.105% 04-22-2030	547,000	554	565
The Toronto-Dominion Bank 3.60% 10-31-2081	577,000	577	560
Thomson Reuters Corp. 2.239% 05-14-2025	460,000	460	465
TMX Group Ltd. 2.016% 02-12-2031	139,000	139	135
Toronto Hydro Corp. 2.47% 10-20-2031	101,000	101	102
Tourmaline Oil Corp. 2.077% 01-25-2028	103,000	103	100
Tourmaline Oil Corp. 2.529% 02-12-2029	123,000	123	122
Toyota Credit Canada Inc. 1.18% 02-23-2026	230,000	230	224
TransCanada PipeLines Ltd. 3.30% 07-17-2025	846,000	862	882
TransCanada PipeLines Ltd. 3.39% 03-15-2028	1,160,000	1,203	1,218
TransCanada PipeLines Ltd. 3.80% 04-05-2027	388,000	396	415
TransCanada PipeLines Ltd. 4.18% 07-03-2048	487,000	526	509
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	695,000	690	716
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	472,000	472	473
TransCanada Trust 4.20% 03-04-2081	544,000	544	536
Transcontinental Inc. 2.28% 07-13-2026	83,000	83	83
Union Gas Ltd. 3.80% 06-01-2046	591,000	624	664
Vancouver Airport Authority 1.76% 09-20-2030	343,000	343	331
Ventas Canada Finance Ltd. 2.45% 01-04-2027	206,000	206	207
Ventas Canada Finance Ltd. 2.80% 04-12-2024	332,000	333	339
Ventas Canada Finance Ltd. 3.30% 12-01-2031	224,000	223	228
Ventas Canada Inc. 4.125% 09-30-2024	1,023,000	1,077	1,079
Videotron Ltd. 3.125% 01-15-2031	120,000	120	110
Videotron Ltd. 4.50% 01-15-2030	610,000	610	625

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	320,000	320	315
Waste Management of Canada Corp. 2.60% 09-23-2026	645,000	645	661
WSP Global Inc. 2.408% 04-19-2028	373,000	375	372
Total Corporate - Non-convertible		106,788	108,202
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	13,000	16	16
Total Corporate - Convertible		16	16
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	137,000	55	55
Total Mortgage Backed		55	55
Total Canadian Bonds		115,678	117,362
United States Bonds			
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	65,000	83	79
Athene Global Funding Floating Rate 04-09-2024	564,000	564	565
Bank of America Corp. 1.978% 09-15-2027	230,000	229	227
Bank of America Corp. 2.598% 04-04-2029	346,000	347	349
Bank of America Corp. 3.407% 09-20-2025	355,000	359	369
Bank of America Corp. Floating Rate 09-15-2027	316,000	316	318
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	130,000	164	161
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027 144A	22,000	28	29
Ford Motor Co. 3.25% 02-12-2032	750,000	948	972
Go Daddy Operating Co. LLC/GD Finance Co. Inc. 3.50% 03-01-2029 144A	5,000	6	6
Goldman Sachs Group Inc. Floating Rate 04-29-2025	686,000	686	688
JPMorgan Chase & Co. 1.896% 03-05-2028	593,000	593	583
Manulife Finance (Delaware) LP 5.059% 12-15-2041	1,112,000	1,137	1,358
Mastercard Inc. 1.90% 03-15-2031	119,000	150	151
Mav Acquisition Corp. 5.75% 08-01-2028 144A	30,000	38	38
McDonald's Corp. 3.125% 03-04-2025	709,000	709	738

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Nestle Holdings Inc. 2.192% 01-26-2029	248,000	248	251
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	153,000	184	192
Switch Ltd. 3.75% 09-15-2028 144A	15,000	19	19
Tenet Healthcare Corp. 4.375% 01-15-2030 144A	20,000	25	26
The Estee Lauder Companies Inc. 1.95% 03-15-2031	198,000	249	248
The Goldman Sachs Group Inc. 2.013% 02-28-2028	595,000	595	580
The Goldman Sachs Group Inc. 2.599% 11-30-2027	464,000	464	470
Univision Communications Inc. 4.50% 05-01-2029 144A	28,000	34	36
Verizon Communications Inc. 2.375% 03-22-2028	610,000	608	611
Verizon Communications Inc. 2.55% 03-21-2031	118,000	147	151
Verizon Communications Inc. 2.85% 09-03-2041	130,000	164	163
Verizon Communications Inc. 3.55% 03-22-2051	49,000	61	67
Verizon Communications Inc. Floating Rate 03-20-2026	169,000	212	216
Wells Fargo & Co. 3.90% 03-15-2026	119,000	152	154
Total Corporate - Non-convertible		9,519	9,815
Total United States Bonds		9,519	9,815
Global Bonds			
Australia			
National Australia Bank Ltd. 3.515% 06-12-2030	812,000	812	839
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	603,000	603	670
British Virgin Islands			
Easy Tactic Ltd. 11.75% 08-02-2023	200,000	161	96
Cayman Islands			
Agile Group Holdings Ltd. 5.75% 01-02-2025	200,000	218	164
Alibaba Group Holding Ltd. 2.70% 02-09-2041	650,000	815	752
Baidu Inc. 2.375% 08-23-2031	245,000	309	299
Kaisa Group Holdings Ltd. 10.50% 09-07-2022	200,000	168	69
Chile			
Colbun SA 3.15% 01-19-2032	209,000	258	262

Corporate Bond Fund 18.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds (continued)			
Japan			
Renesas Electronics Corp. 2.17% 11-25-2026	219,000	276	276
Toyota Motor Corp. 1.339% 03-25-2026	138,000	173	174
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	350,000	350	351
Heathrow Funding Ltd. 3.40% 03-08-2028	694,000	694	720
Heathrow Funding Ltd. 3.726% 04-13-2033	279,000	285	290
Heathrow Funding Ltd. 3.782% 09-04-2032	469,000	469	499
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	675,000	672	717
Mexico			
Becle SAB de CV 2.50% 10-14-2031	246,000	308	306
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	86,000	107	109
United Kingdom			
Lloyds Banking Group PLC 3.50% 02-03-2025	575,000	573	600
National Grid Electricity Transmission PLC 2.301% 06-22-2029	369,000	369	367
Total Global Bonds		7,620	7,560
Total Bonds		132,817	134,737
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	7,972	770	753
Mackenzie Emerging Markets Local Currency Bond Index ETF *	35,501	3,281	3,026
Mackenzie Floating Rate Income ETF *	394,794	7,608	7,605
Total Canadian Common Stock		11,659	11,384

*The issuer of this security is a related company to the issuer of the Fund.

Corporate Bond Fund 18.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	1,202	19	25
BCE Inc. 3.61% Preferred	2,111	33	44
BCE Inc. 4.13% Preferred	114	2	2
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	461	12	12
Energy			
TC Energy Corp. 4.90% Preferred	6,102	154	156
TransAlta Corp. 4.027% Preferred	360	7	7
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	1,170	30	30
Utilities			
Emera Inc. 4.25% Preferred	113	3	3
Emera Inc. 4.60% Preferred	1,200	30	30
TransAlta Corp. 2.709% Preferred	1,934	24	31
Total Canadian Preferred Stock		314	340
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	2,585	65	66
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	987	24	25
Total Global Common Stock		89	91
Total Stocks		12,062	11,815

Corporate Bond Fund 18.51PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.8062	January 14, 2022	United States Dollar	2,555	Canadian Dollar	2,506	49
1.2666	March 11, 2022	Canadian Dollar	1,218	United States Dollar	1,216	1
					Derivatives - Assets	50
1.2441	January 14, 2022	Canadian Dollar	614	United States Dollar	622	(8)
1.2383	January 14, 2022	Canadian Dollar	658	United States Dollar	669	(11)
1.2597	January 14, 2022	Canadian Dollar	4,442	United States Dollar	4,456	(14)
1.2365	February 11, 2022	Canadian Dollar	422	United States Dollar	430	(8)
1.2317	February 11, 2022	Canadian Dollar	374	United States Dollar	382	(8)
1.2569	February 18, 2022	Canadian Dollar	2,226	United States Dollar	2,237	(11)
					Derivatives - Liabilities	(60)
Total Forward Currency Contracts						(10)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(187)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 22,623	CAD 120.98	(16)
(13)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 2,563	CAD 197.13	(26)
					Derivatives - Liabilities	(42)
Total Futures Contracts						(42)

Total Derivative Instruments at Fair Value (52)

Total Investments 144,879 146,500

Corporate Bond Fund 18.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Corporate Bond Fund 18.51PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Corporate Bond Fund 18.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 685	\$ 171	\$ 856	\$ 9		
Total	\$ 685	\$ 171	\$ 856	\$ 9		
As Percent of Net Assets Attributable to Contractholders				0.6%		

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 599	\$ 30,559	\$ 61,853	\$ 41,726	\$ 134,737	
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 3,308	\$ 49,841	\$ 53,197	\$ 48,042	\$ 154,388	

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$9,264 (\$10,534 at December 31, 2020) or approximately 6.0% (6.7% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Corporate Bond Fund 18.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	0.5	0.4	0.1	0.1
AA	2.3	2.1	3.6	3.5
A	28.8	25.3	31.6	31.1
BBB	59.9	52.5	58.8	57.9
BB and lower	8.0	7.0	5.9	5.8
NR *	0.5	0.4	—	—
Total	100.0	87.7	100.0	98.4

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$118 (\$7 at December 31, 2020) or approximately 0% (0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Corporate Bond Fund 18.51PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 134,721	\$ 16	\$ 134,737
Stocks	11,815	—	—	11,815
Derivatives	—	50	—	50
Total assets measured at fair value	\$ 11,815	\$ 134,771	\$ 16	\$ 146,602
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 42	\$ 60	\$ —	\$ 102
Net assets attributable to contractholders measured at fair value	\$ 11,773	\$ 134,711	\$ 16	\$ 146,500

⁽¹⁾ Excludes collateral pledged to counterparties of \$598.

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 154,388	\$ —	\$ 154,388
Stocks	748	—	—	748
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 748	\$ 154,388	\$ —	\$ 155,136

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds		Bonds	
Balance, beginning of year	\$ —	\$ —	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—		—	
Purchases	—		—	
Sales	—		—	
Settlements	—		—	
Transfers into Level 3	16		—	
Transfers out of Level 3	—		—	
Balance, end of year	\$ 16	\$ —	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —	\$ —	\$ —

Corporate Bond Fund 18.51PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	432,203	393,285	399,824	394,674	363,857	59,608	55,214	51,599	47,095	43,083
75/75 guarantee policy	600,825	637,030	720,254	724,635	556,531	6,961	7,678	8,156	7,755	6,041
75/100 guarantee policy	226,473	274,343	301,107	258,507	242,082	2,599	3,279	3,385	2,750	2,614
100/100 guarantee policy	16,458	17,368	18,595	17,968	9,386	186	205	207	189	101
PS1 75/75 guarantee policy	305,020	377,428	522,294	626,458	429,742	3,713	4,752	6,142	6,922	4,788
PS1 75/100 guarantee policy	296,093	359,835	364,129	301,940	279,651	3,570	4,492	4,251	3,316	3,100
PS1 100/100 guarantee policy	—	—	3,960	—	901	—	—	46	—	10
PS2 75/75 guarantee policy	442,724	496,422	599,789	618,732	440,679	6,187	7,060	7,839	7,474	5,280
PS2 75/100 guarantee policy	185,506	237,566	263,463	284,709	297,951	2,592	3,378	3,443	3,439	3,570
PS2 100/100 guarantee policy	712	728	893	914	937	10	10	12	11	11
PS 75/75 guarantee policy	26,562	53,502	33,576	3,265	—	290	605	355	32	—
PS 75/100 guarantee policy	2,179	2,261	2,821	627	—	24	25	30	6	—
PPS 75/75 guarantee policy	30,003	24,007	18,542	—	—	335	275	198	—	—
PPS 75/100 guarantee policy	23,182	23,366	27,814	—	—	258	267	296	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	137.92	140.39	129.06	119.33	118.41	(2.47)	11.33
75/75 guarantee policy	11.59	12.05	11.32	10.70	10.85	(0.46)	0.73
75/100 guarantee policy	11.48	11.95	11.24	10.64	10.80	(0.47)	0.71
100/100 guarantee policy	11.31	11.80	11.12	10.54	10.72	(0.49)	0.68
PS1 75/75 guarantee policy	12.17	12.59	11.76	11.05	11.14	(0.42)	0.83
PS1 75/100 guarantee policy	12.06	12.48	11.67	10.98	11.08	(0.42)	0.81
PS1 100/100 guarantee policy	—	—	11.55	—	11.00	—	—
PS2 75/75 guarantee policy	13.98	14.22	13.07	12.08	11.98	(0.24)	1.15
PS2 75/100 guarantee policy	13.97	14.22	13.07	12.08	11.98	(0.25)	1.15
PS2 100/100 guarantee policy	13.97	14.22	13.07	12.08	11.98	(0.25)	1.15
PS 75/75 guarantee policy	10.93	11.31	10.56	9.93	—	(0.38)	0.75
PS 75/100 guarantee policy	10.89	11.28	10.55	9.92	—	(0.39)	0.73
PPS 75/75 guarantee policy	11.15	11.47	10.66	—	—	(0.32)	0.81
PPS 75/100 guarantee policy	11.11	11.44	10.64	—	—	(0.33)	0.80

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Corporate Bond Fund 18.51PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Corporate Bond Fund 18.51PIM

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.21	2.22	2.22	2.21	2.21
75/100 guarantee policy	2.33	2.33	2.34	2.33	2.32
100/100 guarantee policy	2.50	2.50	2.51	2.49	2.49
PS1 75/75 guarantee policy	1.63	1.63	1.64	1.63	1.63
PS1 75/100 guarantee policy	1.75	1.74	1.75	1.74	1.74
PS1 100/100 guarantee policy	—	—	1.91	—	1.90
PS 75/75 guarantee policy	1.66	1.65	1.65	1.65	—
PS 75/100 guarantee policy	1.76	1.77	1.77	1.76	—
PPS 75/75 guarantee policy	1.07	1.07	1.07	—	—
PPS 75/100 guarantee policy	1.18	1.18	1.18	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	60.53	40.36	29.26	14.42	21.07

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
NORTH AMERICAN HIGH YIELD BOND FUND 18.54MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of North American High Yield Bond Fund 18.54MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

North American High Yield Bond Fund 18.54MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	34	14
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	19,170	18,827
Total investments	19,170	18,827
Total assets	\$ 19,204	\$ 18,841
Liabilities		
Overdrafts	\$ 106	\$ 23
Due to The Canada Life Assurance Company (note 8)	48	51
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	154	74
Net assets attributable to contractholders	\$ 19,050	\$ 18,767

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 797	\$ 1,305
Miscellaneous income (loss)	—	—
Total income	797	1,305
Expenses		
Management fees (note 8)	248	248
Other	32	33
Total expenses	280	281
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 517	\$ 1,024

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 18,767	\$ 20,964
Contractholder deposits	3,033	686
Contractholder withdrawals	(3,267)	(3,907)
Increase (decrease) in net assets from operations attributable to contractholders	517	1,024
Change in net assets attributable to contractholders	283	(2,197)
Net assets attributable to contractholders - end of year	\$ 19,050	\$ 18,767

North American High Yield Bond Fund 18.54MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 517	\$ 1,024
Adjustments		
Realized (gains) losses	79	233
Unrealized (gains) losses	47	(202)
Gross proceeds of disposition of investments	4,124	4,380
Gross payments for the purchase of investments	(3,670)	(893)
Distribution income of underlying mutual fund	(923)	(1,336)
Change in due from/to The Canada Life Assurance Company	(3)	(13)
Change in due from/to brokers	(20)	4
	<u>151</u>	<u>3,197</u>
Financing Activities		
Contractholder deposits	3,033	686
Contractholder withdrawals	(3,267)	(3,907)
	<u>(234)</u>	<u>(3,221)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(83)	(24)
Cash, short-term deposits and overdrafts, beginning of year	<u>(23)</u>	<u>1</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (106)</u>	<u>\$ (23)</u>

North American High Yield Bond Fund 18.54MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	No. of Units	Average Cost	Fair Value
Investment Fund Units			
Mackenzie North American Corporate Bond Fund Series S *	2,064,078	19,640	19,170
Total Investments		19,640	19,170

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	5.04%
Mackenzie Floating Rate Income Fund Series R *	3.72%
Xtrackers USD High Yield Corporate Bond ETF	2.08%
Mackenzie Global High Yield Fixed Income ETF *	1.87%
Government of Russia 7.65% 04-10-2030	1.22%
Inter Pipeline Ltd. 6.875% 03-26-2079	1.07%
People's Republic of China 3.13% 11-21-2029	1.01%
Enbridge Inc. 5.375% 09-27-2077	0.99%
Keyera Corp. 6.875% 06-13-2029	0.97%
People's Republic of China 1.99% 04-09-2025	0.97%
Mackenzie US High Yield Bond Index ETF *	0.88%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	0.82%
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	0.74%
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	0.72%
MEG Energy Corp. 7.125% 02-01-2027 144A	0.58%
CCO Holdings LLC 5.38% 06-01-2029 144A	0.56%
Rogers Communication Inc. 5.00% 12-17-2081	0.55%
Weatherford International Ltd. 8.63% 04-30-2030 144A	0.54%
Uber Technologies Inc. 8.00% 11-01-2026 144A	0.53%
Parkland Corp. of Canada 4.375% 03-26-2029	0.51%
1011778 BC ULC/New Red Finance Inc. 4.00% 10-15-2030 144A	0.50%
Parkland Corp. of Canada 4.50% 10-01-2029 144A	0.50%
Ford Credit Canada Co. 2.961% 09-16-2026	0.50%
Mackenzie Emerging Markets Bond Index ETF *	0.49%
NuVista Energy Ltd. 7.875% 07-23-2026	0.48%

*The issuer of this security is a related company to the issuer of the Fund.

North American High Yield Bond Fund 18.54MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	297,923	345,027	408,872	386,353	333,597	3,843	4,371	4,939	4,203	3,863
75/100 guarantee policy	125,448	134,643	157,984	147,991	159,578	1,593	1,684	1,889	1,599	1,839
100/100 guarantee policy	12,592	13,813	22,423	21,132	15,068	158	171	265	226	172
PS1 75/75 guarantee policy	311,591	249,705	335,910	357,089	301,645	4,202	3,293	4,205	4,009	3,586
PS1 75/100 guarantee policy	246,749	166,977	182,051	130,165	124,353	3,296	2,184	2,262	1,452	1,471
PS1 100/100 guarantee policy	36,827	37,701	58,082	40,083	60,100	485	487	714	443	706
PS2 75/75 guarantee policy	102,990	110,705	129,913	138,001	139,790	1,626	1,676	1,833	1,714	1,805
PS2 75/100 guarantee policy	126,144	170,247	181,993	205,240	228,646	1,991	2,578	2,568	2,549	2,952
PS2 100/100 guarantee policy	—	—	—	—	15,050	—	—	—	—	194
PS 75/75 guarantee policy	12,889	15,658	14,701	176	—	149	177	157	2	—
PS 75/100 guarantee policy	2,761	3,277	2,180	—	—	32	37	23	—	—
PPS 75/75 guarantee policy	3,499	1,505	1,596	—	—	41	17	17	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	12.90	12.67	12.08	10.88	11.58	0.23	0.59
75/100 guarantee policy	12.70	12.51	11.96	10.80	11.52	0.19	0.55
100/100 guarantee policy	12.52	12.35	11.83	10.70	11.44	0.17	0.52
PS1 75/75 guarantee policy	13.49	13.19	12.52	11.23	11.89	0.30	0.67
PS1 75/100 guarantee policy	13.36	13.08	12.43	11.16	11.83	0.28	0.65
PS1 100/100 guarantee policy	13.17	12.91	12.29	11.06	11.74	0.26	0.62
PS2 75/75 guarantee policy	15.78	15.14	14.11	12.42	12.91	0.64	1.03
PS2 75/100 guarantee policy	15.78	15.14	14.11	12.42	12.91	0.64	1.03
PS2 100/100 guarantee policy	—	—	—	—	12.91	—	—
PS 75/75 guarantee policy	11.56	11.28	10.70	9.58	—	0.28	0.58
PS 75/100 guarantee policy	11.44	11.21	10.66	—	—	0.23	0.55
PPS 75/75 guarantee policy	11.73	11.41	10.77	—	—	0.32	0.64

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The North American High Yield Bond Fund 18.54MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

North American High Yield Bond Fund 18.54MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

North American High Yield Bond Fund 18.54MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.33	2.33	2.31	2.36	2.44
75/100 guarantee policy	2.61	2.61	2.60	2.59	2.56
100/100 guarantee policy	2.78	2.79	2.77	2.75	2.73
PS1 75/75 guarantee policy	1.90	1.88	1.87	1.86	1.83
PS1 75/100 guarantee policy	2.02	1.99	1.98	1.98	1.95
PS1 100/100 guarantee policy	2.19	2.17	2.15	2.15	2.11
PS 75/75 guarantee policy	1.76	1.76	1.75	1.73	—
PS 75/100 guarantee policy	2.04	2.04	2.03	—	—
PPS 75/75 guarantee policy	1.33	1.31	1.31	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.90	1.91	1.89	1.88	1.85
PS1 75/100 guarantee policy	2.02	2.02	2.00	2.00	1.97
PS1 100/100 guarantee policy	2.19	2.20	2.17	2.17	2.13
PPS 75/75 guarantee policy	1.33	1.34	1.33	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	19.20	4.57	13.55	17.79	23.91

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SHORT TERM BOND FUND 18.50PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Short Term Bond Fund 18.50PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Short Term Bond Fund 18.50PIM

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 755	\$ 47
Investment income due and accrued	54	65
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	12,327	14,009
Stocks	122	—
Investment fund units	—	—
Total investments	12,449	14,009
Total assets	\$ 13,258	\$ 14,121
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	5	8
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	—	—
Total liabilities excluding net assets attributable to contractholders	5	8
Net assets attributable to contractholders	\$ 13,253	\$ 14,113

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (36)	\$ 771
Miscellaneous income (loss)	3	3
Total income	(33)	774
Expenses		
Management fees (note 8)	36	42
Transaction costs	—	—
Withholding taxes	—	—
Other	4	4
Total expenses	40	46
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (73)	\$ 728

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 14,113	\$ 12,656
Contractholder deposits	1,539	2,046
Contractholder withdrawals	(2,326)	(1,317)
Increase (decrease) in net assets from operations attributable to contractholders	(73)	728
Change in net assets attributable to contractholders	(860)	1,457
Net assets attributable to contractholders - end of year	\$ 13,253	\$ 14,113

Short Term Bond Fund 18.50PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (73)	\$ 728
Adjustments		
Realized (gains) losses	(54)	(160)
Unrealized (gains) losses	377	(284)
Gross proceeds of disposition of investments	6,753	10,522
Gross payments for the purchase of investments	(5,516)	(11,493)
Change in investment income due and accrued	11	1
Change in due from/to The Canada Life Assurance Company	(3)	(2)
	<u>1,495</u>	<u>(688)</u>
Financing Activities		
Contractholder deposits	1,539	2,046
Contractholder withdrawals	(2,326)	(1,317)
	<u>(787)</u>	<u>729</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	708	41
Cash, short-term deposits and overdrafts, beginning of year	47	6
Cash, short-term deposits and overdrafts, end of year	\$ 755	\$ 47
Supplementary cash flow information		
Interest income received	\$ 290	\$ 328
Dividend income received	8	—

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 0.95% 06-15-2025	172,000	172	170
Canada Housing Trust No. 1 1.80% 12-15-2024	469,000	483	476
Canada Housing Trust No. 1 1.95% 12-15-2025	265,000	278	270
Canada Housing Trust No. 1 2.35% 09-15-2023	335,000	347	342
Canada Housing Trust No. 1 2.90% 06-15-2024	185,000	198	192
Canada Housing Trust No. 1 Floating Rate 09-15-2026	300,000	300	301
Government of Canada 0.75% 10-01-2024	257,000	253	255
Government of Canada 1.00% 09-01-2026	1,216,000	1,195	1,201
Government of Canada 1.50% 06-01-2031	10,000	10	10
Total Federal Government		3,236	3,217
Provincial Governments			
Province of Alberta 2.35% 06-01-2025	115,000	123	118
Province of Manitoba 2.45% 06-02-2025	145,000	155	150
Province of Manitoba 2.55% 06-02-2023	170,000	171	174
Province of New Brunswick 1.80% 08-14-2025	129,000	130	131
Province of Newfoundland and Labrador 1.25% 06-02-2027	63,000	63	61
Province of Nova Scotia 1.00% 04-17-2023	92,000	92	92
Province of Ontario 1.55% 11-01-2029	78,000	78	76
Province of Ontario 2.60% 09-08-2023	21,000	21	22
Province of Quebec 2.25% 02-22-2024	133,000	136	136
Province of Quebec 3.75% 09-01-2024	44,000	48	47
Province of Saskatchewan 0.80% 09-02-2025	150,000	150	146
Total Provincial Governments		1,167	1,153
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	44,000	44	44
AIMCo Realty Investors LP 2.195% 11-04-2026	11,000	11	11
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	1,000	1	1
Algonquin Power Co. 2.85% 07-15-2031	2,000	2	2
Allied Properties REIT 1.726% 02-12-2026	5,000	5	5
AltaGas Ltd. 2.157% 06-10-2025	13,000	13	13
AltaGas Ltd. 2.166% 03-16-2027	5,000	5	5
ARC Resources Ltd. 2.354% 03-10-2026	15,000	15	15
ARC Resources Ltd. 3.465% 03-10-2031	3,000	3	3

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 1.551% 05-28-2026	22,000	22	22
Bank of Montreal 1.758% 03-10-2026	37,000	37	37
Bank of Montreal 1.928% 07-22-2031	18,000	18	18
BCI QuadReal Realty 1.056% 03-12-2024	10,000	10	10
BCI QuadReal Realty 1.073% 02-04-2026	12,000	12	12
BCIMC Realty Corp. 2.15% 08-11-2022	127,000	126	128
Bell Canada Inc. 2.20% 05-29-2028	3,000	3	3
Bell Canada Inc. 3.35% 03-12-2025	12,000	12	12
BMW Canada Inc. 0.99% 01-14-2025	9,000	9	9
Brookfield Property Finance ULC 3.926% 08-24-2025	46,000	46	46
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	2,000	2	2
Brookfield Renewable Energy Partners LP 3.752% 06-02-2025	9,000	10	9
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	240,000	240	232
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	41,000	41	40
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	12,000	12	12
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	15,000	15	16
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	42,000	42	42
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	45,000	45	45
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	28,000	28	28
Canadian Natural Resources Ltd. 1.45% 11-16-2023	98,000	98	98
Canadian Natural Resources Ltd. 3.55% 06-03-2024	59,000	62	61
Canadian Western Bank 1.57% 09-14-2023	11,000	11	11
Canadian Western Bank 1.926% 04-16-2026	17,000	17	17
Canadian Western Bank 2.606% 01-30-2025	7,000	7	7
Canadian Western Bank 2.833% 03-14-2022	83,000	85	83
Canadian Western Bank Floating Rate 01-22-2024	30,000	30	30
Capital Power Corp. 4.284% 09-18-2024	13,000	14	14
CDP Financial Inc. 1.50% 10-19-2026	30,000	30	30
Central 1 Credit Union 2.391% 06-30-2031	45,000	45	45
Central 1 Credit Union 2.584% 12-06-2023	96,000	94	98
CGI Inc. 2.10% 09-18-2028	1,000	1	1
CHIP Mortgage Trust 1.503% 11-15-2024	8,000	8	8
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	49,000	50	51
Coast Capital Savings Federal Credit Union 5.25% 10-29-2030	46,000	48	50
Cogeco Communications Inc. 2.991% 09-22-2031	2,000	2	2
Daimler Canada Finance Inc. 1.65% 09-22-2025	52,000	52	51
Daimler Trucks Finance Canada 2.14% 12-13-2024	73,000	73	73

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Dream Industrial REIT 1.662% 12-22-2025	8,000	8	8
Dream Industrial REIT 2.057% 06-17-2027	2,000	2	2
Dream Industrial REIT 2.539% 12-07-2026	8,000	8	8
Eagle Credit Card Trust 1.546% 06-17-2026	20,000	20	20
Eagle Credit Card Trust 2.631% 10-17-2022	146,000	148	148
Enbridge Inc. 2.44% 06-02-2025	68,000	69	69
Enbridge Inc. 3.10% 09-21-2033	4,000	4	4
Enbridge Inc. 3.19% 12-05-2022	49,000	49	50
Enbridge Inc. 5.375% 09-27-2077	30,000	32	32
EPCOR Utilities Inc. 1.299% 05-19-2023	57,000	57	57
Equitable Bank 1.774% 09-21-2023	137,000	137	137
Equitable Bank 2.948% 09-26-2022	32,000	32	32
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	6,000	6	6
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	110,000	110	106
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	11,000	11	11
First National Financial Corp. 2.961% 11-17-2025	22,000	22	22
First National Financial Corp. 3.582% 11-25-2024	21,000	21	22
Fortified Trust 1.964% 10-23-2026	24,000	24	24
Glacier Credit Card Trust 3.29% 09-20-2022	285,000	291	288
Glacier Credit Card Trust 3.43% 06-06-2024	141,000	141	144
Glacier Credit Card Trust 4.138% 09-20-2023	21,000	21	22
Granite REIT Holdings LP 2.194% 08-30-2028	2,000	2	2
H&R REIT 2.633% 02-19-2027	3,000	3	3
H&R REIT 2.906% 06-02-2026	13,000	13	13
Honda Canada Finance Inc. 1.337% 03-17-2026	16,000	16	16
Honda Canada Finance Inc. Floating Rate 02-26-2024	19,000	19	19
Hydro One Inc. 2.23% 09-17-2031	3,000	3	3
Hyundai Capital Canada Inc. 2.008% 05-12-2026	10,000	10	10
iA Financial Corp. Inc. 2.40% 02-21-2025	17,000	17	17
Industrial Alliance Insurance & Financial Services Inc. 2.64% 02-23-2027	55,000	55	55
Intact Financial Corp. 2.179% 05-18-2028	2,000	2	2
Intact Financial Corp. 4.125% 03-31-2081	4,000	4	4
Inter Pipeline Ltd. 2.608% 09-13-2023	28,000	28	28
Inter Pipeline Ltd. 3.173% 03-24-2025	30,000	31	31
John Deere Financial Inc. 2.41% 01-14-2025	48,000	49	49
Laurentian Bank of Canada 1.15% 06-03-2024	13,000	13	13
Laurentian Bank of Canada 1.603% 05-06-2026	4,000	4	4

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Laurentian Bank of Canada 1.95% 03-17-2025	50,000	50	50
Lower Mattagami Energy LP 2.433% 05-14-2031	3,000	3	3
Lower Mattagami Energy LP 3.42% 06-20-2024	64,000	69	67
Manulife Bank of Canada 1.536% 09-14-2026	17,000	17	17
Manulife Bank of Canada 2.844% 01-12-2023	193,000	195	197
Manulife Financial Corp. 3.049% 08-20-2029	63,000	65	65
Manulife Financial Corp. 4.10% 03-19-2082	13,000	13	13
Master Credit Card Trust II 3.056% 01-21-2022	306,000	305	306
MCAP Commercial LP 3.743% 08-25-2025	35,000	35	36
MCAP Commercial LP 4.151% 06-17-2024	70,000	70	73
Morgan Stanley Floating Rate 03-21-2025	44,000	44	44
Morguard Corp. 4.402% 09-28-2023	73,000	73	74
National Bank of Canada 1.534% 06-15-2026	11,000	11	11
National Bank of Canada 1.573% 08-18-2026	29,000	29	29
National Bank of Canada 1.957% 06-30-2022	119,000	119	120
National Bank of Canada 2.237% 11-04-2026	15,000	15	15
National Bank of Canada 2.983% 03-04-2024	37,000	39	38
National Bank of Canada 3.183% 02-01-2028	135,000	140	137
North West Redwater Partnership 2.80% 06-01-2027	4,000	4	4
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	6,000	6	6
OMERS Realty Corp. 1.298% 09-22-2023	34,000	34	34
Ontario Power Generation Inc. 2.893% 04-08-2025	111,000	114	115
Pembina Pipeline Corp. 2.56% 06-01-2023	485,000	489	491
Pembina Pipeline Corp. 2.99% 01-22-2024	9,000	9	9
Pembina Pipeline Corp. 3.71% 08-11-2026	149,000	157	157
Prime Structured Mortgage Trust 1.856% 11-15-2024	16,000	16	16
Reliance LP 2.67% 08-01-2028	3,000	3	3
Reliance LP 2.68% 12-01-2027	34,000	34	34
Reliance LP 3.75% 03-15-2026	35,000	35	37
RioCan REIT 1.974% 06-15-2026	95,000	95	93
RioCan REIT 2.576% 02-12-2025	141,000	140	143
RioCan REIT 2.829% 11-08-2028	1,000	1	1
Rogers Communications Inc. 4.00% 06-06-2022	141,000	149	143
Royal Bank of Canada 1.67% 01-28-2033	5,000	5	5
Royal Bank of Canada 1.833% 07-31-2028	5,000	5	5
Royal Bank of Canada 2.14% 11-03-2031	21,000	21	21

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 2.352% 07-02-2024	59,000	59	60
Royal Bank of Canada 2.609% 11-01-2024	64,000	67	66
Royal Bank of Canada 2.74% 07-25-2029	130,000	131	133
Royal Bank of Canada 2.88% 12-23-2029	23,000	23	24
Royal Bank of Canada 3.65% 11-24-2081	23,000	23	22
Royal Bank of Canada 4.50% 11-24-2080	23,000	23	24
Sagen MI Canada Inc. 3.261% 03-05-2031	2,000	2	2
Sagen MI Canada Inc. 4.95% 03-24-2081	9,000	9	9
Saputo Inc. 1.415% 06-19-2026	35,000	35	34
Saputo Inc. 1.939% 06-13-2022	258,000	253	259
Saputo Inc. 2.297% 06-22-2028	1,000	1	1
Shaw Communications Inc. 3.80% 11-02-2023	68,000	73	70
Sienna Senior Living Inc. 2.82% 03-31-2027	1,000	1	1
Sienna Senior Living Inc. 3.109% 11-04-2024	14,000	14	14
Sienna Senior Living Inc. 3.45% 02-27-2026	60,000	60	62
Summit Industrial Income REIT 1.82% 04-01-2026	35,000	35	34
Summit Industrial Income REIT 2.15% 09-17-2025	34,000	34	34
Summit Industrial Income REIT 2.25% 01-12-2027	1,000	1	1
Summit Industrial Income REIT 2.44% 07-14-2028	1,000	1	1
Sun Life Financial Inc. 2.06% 10-01-2035	73,000	73	70
Sun Life Financial Inc. 2.38% 08-13-2029	63,000	62	64
Sun Life Financial Inc. 2.75% 11-23-2027	123,000	123	125
Sun Life Financial Inc. 3.60% 06-30-2081	16,000	16	16
TELUS Corp. 2.85% 11-13-2031	2,000	2	2
TELUS Corp. 3.15% 02-19-2030	5,000	5	5
Teranet Holdings LP 3.544% 06-11-2025	60,000	60	63
The Bank of Nova Scotia 1.40% 11-01-2027	14,000	14	13
The Bank of Nova Scotia 2.16% 02-03-2025	15,000	16	15
The Bank of Nova Scotia 2.29% 06-28-2024	43,000	42	44
The Bank of Nova Scotia 2.49% 09-23-2024	56,000	57	57
The Bank of Nova Scotia 3.70% 07-27-2081	6,000	6	6
The Bank of Nova Scotia Floating Rate 08-04-2026	34,000	34	34
The Empire Life Insurance Co. 3.625% 04-17-2026	1,000	1	1
The Empire Life Insurance Co. 3.664% 03-15-2028 variable voting	190,000	194	195
The Toronto-Dominion Bank 1.888% 03-08-2028	13,000	13	13
The Toronto-Dominion Bank 1.896% 09-11-2028	6,000	6	6
The Toronto-Dominion Bank 2.496% 12-02-2024	29,000	29	30

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
The Toronto-Dominion Bank 3.005% 05-30-2023	22,000	23	23
The Toronto-Dominion Bank 3.105% 04-22-2030	122,000	124	126
The Toronto-Dominion Bank 3.589% 09-14-2028	31,000	31	32
The Toronto-Dominion Bank 3.60% 10-31-2081	17,000	17	17
TMX Group Ltd. 2.016% 02-12-2031	2,000	2	2
Tourmaline Oil Corp. 2.077% 01-25-2028	2,000	2	2
Toyota Credit Canada Inc. 1.18% 02-23-2026	10,000	10	10
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	60,000	63	62
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	32,000	32	32
TransCanada Trust 4.20% 03-04-2081	7,000	7	7
Transcontinental Inc. 2.28% 07-13-2026	5,000	5	5
Vancouver Airport Fuel Facilities Corp. 2.168% 06-23-2025	19,000	19	19
Ventas Canada Finance Ltd. 2.45% 01-04-2027	11,000	11	11
Ventas Canada Finance Ltd. 3.30% 12-01-2031	2,000	2	2
WSP Global Inc. 2.408% 04-19-2028	3,000	3	3
Total Corporate - Non-convertible		7,596	7,608
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	9,000	4	4
Total Mortgage Backed		4	4
Total Canadian Bonds		12,003	11,982
United States Bonds			
Corporate - Non-convertible			
Amazon.com Inc. 0.25% 05-12-2023	34,000	41	43
AT&T Inc. Floating Rate 03-25-2024	10,000	13	13
Athene Global Funding Floating Rate 04-09-2024	38,000	38	38
Bank of America Corp. 1.978% 09-15-2027	2,000	2	2
Bank of America Corp. 2.598% 04-04-2029	5,000	5	5
Bank of America Corp. Floating Rate 09-15-2027	21,000	21	21
Goldman Sachs Group Inc. Floating Rate 04-29-2025	48,000	48	48
JPMorgan Chase & Co. 1.896% 03-05-2028	7,000	7	7
Nestle Holdings Inc. 2.192% 01-26-2029	13,000	13	13
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	2,000	2	3

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
PACCAR Financial Corp. 0.985% 05-14-2024	45,000	45	44
The Goldman Sachs Group Inc. 2.013% 02-28-2028	7,000	7	7
The Goldman Sachs Group Inc. 2.599% 11-30-2027	24,000	24	24
Verizon Communications Inc. 2.375% 03-22-2028	31,000	31	31
Verizon Communications Inc. Floating Rate 03-20-2026	10,000	13	13
Wells Fargo & Co. 2.975% 05-19-2026	10,000	11	10
Total Corporate - Non-convertible		321	322
Total United States Bonds		321	322
Global Bonds			
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	2,000	3	2
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	8,000	10	10
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	4,000	4	4
Heathrow Funding Ltd. 3.726% 04-13-2033	3,000	3	3
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	4,000	4	4
Total Global Bonds		24	23
Total Bonds		12,348	12,327
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	357	35	34
Mackenzie Emerging Markets Local Currency Bond Index ETF *	766	72	65
Total Canadian Common Stock		107	99

*The issuer of this security is a related company to the issuer of the Fund.

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	92	1	2
BCE Inc. 3.61% Preferred	191	3	4
Energy			
TC Energy Corp. 4.90% Preferred	448	11	11
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	107	3	3
Total Canadian Preferred Stock		18	20
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	51	1	1
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	60	1	2
Total Global Common Stock		2	3
Total Stocks		127	122

Short Term Bond Fund 18.50PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(5)	CAD 129.83	US 10YR NOTE 31/03/2022	March 31, 2022	CAD 652	CAD 130.47	-
Derivatives - Liabilities						-
Total Futures Contracts						-

Total Derivative Instruments at Fair Value

-

Total Investments

12,475

12,449

Short Term Bond Fund 18.50PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Short Term Bond Fund 18.50PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Short Term Bond Fund 18.50PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts			Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 83	\$ 5	\$	\$	88	\$ 1
Total	\$ 83	\$ 5	\$	\$	88	\$ 1
As Percent of Net Assets Attributable to Contractholders					0.7%	

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 1,557	\$ 8,856	\$ 1,610	\$ 304	\$	12,327
2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 961	\$ 10,950	\$ 1,908	\$ 190	\$	14,009

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$313 (\$391 at December 31, 2020) or approximately 2.4% (2.8% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Short Term Bond Fund 18.50PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	16.3	15.1	12.3	12.2
AA	17.8	16.5	22.0	21.8
A	27.4	25.5	29.5	29.2
BBB	37.7	35.1	35.7	35.4
BB and lower	0.6	0.6	0.5	0.5
NR *	0.2	0.2	—	—
Total	100.0	93.0	100.0	99.1

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1 (nil at December 31, 2020) or approximately 0.0% (nil at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Short Term Bond Fund 18.50PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 12,327	\$ —	\$ 12,327	
Stocks	122	—	—	122	
Total assets measured at fair value	\$ 122	\$ 12,327	\$ —	\$ 12,449	
<u>Liabilities measured at fair value</u>					
Derivatives ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	
Net assets attributable to contractholders measured at fair value	\$ 122	\$ 12,327	\$ —	\$ 12,449	

⁽¹⁾ Excludes collateral pledged to counterparties of \$24.

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 14,009	\$ —	\$ 14,009	
Stocks	—	—	—	—	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ —	\$ 14,009	\$ —	\$ 14,009	

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Short Term Bond Fund 18.50PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	798,274	695,852	599,913	586,948	321,021	9,750	8,527	6,946	6,556	3,515
75/75 guarantee policy	61,174	74,615	82,962	108,853	136,481	646	804	859	1,106	1,383
75/100 guarantee policy	41,960	36,504	32,619	36,943	25,786	441	391	336	374	261
100/100 guarantee policy	154	1,248	4,199	4,140	4,110	2	13	43	42	41
PS1 75/75 guarantee policy	51,136	57,132	133,358	142,024	170,456	556	632	1,413	1,471	1,755
PS1 75/100 guarantee policy	40,270	36,243	31,583	56,938	55,150	436	399	333	588	566
PS1 100/100 guarantee policy	6,776	2,904	—	—	—	73	32	—	—	—
PS2 75/75 guarantee policy	94,663	150,919	119,742	111,538	82,987	1,159	1,854	1,389	1,248	910
PS2 75/100 guarantee policy	8,836	2,888	4,398	8,994	16,738	108	35	51	101	184
PS2 100/100 guarantee policy	2,238	2,717	5,014	7,286	414	27	33	58	82	5
PS 75/75 guarantee policy	5,215	6,837	7,779	—	—	55	74	80	—	—
PPS 75/100 guarantee policy	—	—	6,076	—	—	—	—	63	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	12.21	12.25	11.58	11.17	10.95	(0.04)	0.67
75/75 guarantee policy	10.55	10.77	10.35	10.16	10.13	(0.22)	0.42
75/100 guarantee policy	10.50	10.72	10.31	10.13	10.11	(0.22)	0.41
100/100 guarantee policy	10.40	10.64	10.24	10.07	10.06	(0.24)	0.40
PS1 75/75 guarantee policy	10.88	11.06	10.59	10.36	10.30	(0.18)	0.47
PS1 75/100 guarantee policy	10.83	11.02	10.55	10.33	10.27	(0.19)	0.47
PS1 100/100 guarantee policy	10.72	10.92	—	—	—	(0.20)	0.44
PS2 75/75 guarantee policy	12.25	12.28	11.60	11.19	10.97	(0.03)	0.68
PS2 75/100 guarantee policy	12.25	12.28	11.60	11.19	10.96	(0.03)	0.68
PS2 100/100 guarantee policy	12.25	12.28	11.60	11.19	10.96	(0.03)	0.68
PS 75/75 guarantee policy	10.65	10.81	10.33	—	—	(0.16)	0.48
PPS 75/100 guarantee policy	—	—	10.37	—	—	—	—

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Short Term Bond Fund 18.50PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Short Term Bond Fund 18.50PIM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	1.74	1.73	1.75	1.77	1.77
75/100 guarantee policy	1.79	1.79	1.81	1.82	1.82
100/100 guarantee policy	1.94	1.90	1.92	1.93	1.94
PS1 75/75 guarantee policy	1.38	1.38	1.39	1.41	1.42
PS1 75/100 guarantee policy	1.44	1.43	1.46	1.47	1.47
PS1 100/100 guarantee policy	1.54	1.53	—	—	—
PS 75/75 guarantee policy	1.19	1.18	1.18	—	—
PPS 75/100 guarantee policy	—	—	0.89	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	42.15	75.79	91.22	46.21	75.89

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
LONG TERM BOND FUND 18.53PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Long Term Bond Fund 18.53PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Long Term Bond Fund 18.53PIM

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 48	\$ 101
Investment income due and accrued	195	257
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	42,239	58,030
Stocks	—	—
Investment fund units	—	—
Total investments	42,239	58,030
Total assets	\$ 42,482	\$ 58,388
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	106	68
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	106	68
Net assets attributable to contractholders	\$ 42,376	\$ 58,320

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (2,584)	\$ 6,859
Miscellaneous income (loss)	16	13
Total income	(2,568)	6,872
Expenses		
Management fees (note 7)	58	154
Transaction costs	—	—
Withholding taxes	—	—
Other	3	14
Total expenses	61	168
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (2,629)	\$ 6,704

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 58,320	\$ 55,137
Contractholder deposits	24,682	8,357
Contractholder withdrawals	(37,997)	(11,878)
Increase (decrease) in net assets from operations attributable to contractholders	(2,629)	6,704
Change in net assets attributable to contractholders	(15,944)	3,183
Net assets attributable to contractholders - end of year	\$ 42,376	\$ 58,320

Long Term Bond Fund 18.53PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (2,629)	\$ 6,704
Adjustments		
Add back amortization of premium (discount)	(44)	(57)
Realized (gains) losses	395	(2,771)
Unrealized (gains) losses	3,921	(2,127)
Gross proceeds of disposition of investments	57,693	36,257
Gross payments for the purchase of investments	(46,174)	(34,528)
Change in investment income due and accrued	62	(33)
Change in due from/to The Canada Life Assurance Company	38	107
	<u>13,262</u>	<u>3,552</u>
Financing Activities		
Contractholder deposits	24,682	8,357
Contractholder withdrawals	(37,997)	(11,878)
	<u>(13,315)</u>	<u>(3,521)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(53)	31
Cash, short-term deposits and overdrafts, beginning of year	101	70
Cash, short-term deposits and overdrafts, end of year	\$ 48	\$ 101
Supplementary cash flow information		
Interest income received	\$ 1,750	\$ 1,868

Long Term Bond Fund 18.53PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.60% 12-15-2031	100,000	100	97
Government of Canada 1.75% 12-01-2053	615,000	578	621
Government of Canada 2.00% 12-01-2051	1,100,000	1,133	1,185
Government of Canada 2.75% 12-01-2048	655,000	804	808
Government of Canada 2.75% 12-01-2064	272,000	362	353
Government of Canada 3.50% 12-01-2045	320,000	441	436
Government of Canada 4.00% 06-01-2041	255,000	357	354
Government of Canada 5.00% 06-01-2037	300,000	445	438
Government of Canada 5.75% 06-01-2033	230,000	333	330
Labrador Island Link Funding Trust 3.85% 12-01-2053	290,000	356	388
Total Federal Government		4,909	5,010
Provincial Governments			
Hydro-Quebec 4.00% 02-15-2055	185,000	263	250
Province of Alberta 1.65% 06-01-2031	200,000	190	193
Province of Alberta 3.05% 12-01-2048	335,000	347	367
Province of Alberta 3.10% 06-01-2050	200,000	221	222
Province of Alberta 3.30% 12-01-2046	357,000	381	406
Province of Alberta 3.45% 12-01-2043	224,000	242	258
Province of British Columbia 2.75% 06-18-2052	375,000	383	403
Province of British Columbia 2.80% 06-18-2048	250,000	260	268
Province of British Columbia 2.95% 06-18-2050	330,000	365	366
Province of British Columbia 4.30% 06-18-2042	300,000	381	391
Province of British Columbia 4.70% 06-18-2037	325,000	419	425
Province of British Columbia 5.40% 06-18-2035	100,000	135	137
Province of British Columbia Generic Coupon Strip 0.00% 06-18-2040	181,000	94	116
Province of Manitoba 2.05% 06-02-2031	150,000	149	150
Province of Manitoba 2.05% 09-05-2052	300,000	279	270
Province of Manitoba 3.20% 03-05-2050	328,000	389	372
Province of Manitoba 3.40% 09-05-2048	225,000	251	262
Province of Manitoba 4.65% 03-05-2040	335,000	457	439
Province of New Brunswick 3.05% 08-14-2050	250,000	290	275
Province of Newfoundland and Labrador 2.05% 06-02-2031	105,000	105	104
Province of Newfoundland and Labrador 2.65% 10-17-2050	350,000	348	337
Province of Nova Scotia 2.40% 12-01-2031	155,000	154	159
Province of Nova Scotia 3.15% 12-01-2051	257,000	278	291

Long Term Bond Fund 18.53PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Nova Scotia 4.40% 06-01-2042	465,000	632	604
Province of Ontario 1.90% 12-02-2051	830,000	727	734
Province of Ontario 2.25% 12-02-2031	114,000	114	116
Province of Ontario 2.55% 12-02-2052	220,000	218	225
Province of Ontario 2.65% 12-02-2050	645,000	687	671
Province of Ontario 2.80% 06-02-2048	1,025,000	1,041	1,090
Province of Ontario 2.90% 06-02-2049	1,000,000	1,036	1,085
Province of Ontario 2.90% 12-02-2046	325,000	339	351
Province of Ontario 3.45% 06-02-2045	985,000	1,117	1,158
Province of Ontario 3.50% 06-02-2043	850,000	970	996
Province of Ontario 4.65% 06-02-2041	415,000	545	556
Province of Ontario 4.70% 06-02-2037	625,000	804	812
Province of Ontario 5.60% 06-02-2035	310,000	436	427
Province of Ontario 5.85% 03-08-2033	165,000	222	224
Province of Ontario Generic Coupon Strip 0.00% 06-02-2043	238,000	111	139
Province of Prince Edward Island 1.85% 07-27-2031	90,000	90	88
Province of Prince Edward Island 2.65% 12-01-2051	125,000	133	126
Province of Quebec 2.85% 12-01-2053	730,000	758	802
Province of Quebec 3.10% 12-01-2051	685,000	772	785
Province of Quebec 3.50% 12-01-2045	795,000	908	948
Province of Quebec 3.50% 12-01-2048	800,000	921	968
Province of Quebec 4.25% 12-01-2043	650,000	824	851
Province of Quebec 5.00% 12-01-2041	300,000	410	422
Province of Quebec 5.75% 12-01-2036	450,000	706	644
Province of Quebec 6.25% 06-01-2032	400,000	563	554
Province of Quebec Generic Residual Strip 0.00% 12-01-2043	503,000	232	295
Province of Saskatchewan 2.15% 06-02-2031	205,000	205	207
Province of Saskatchewan 3.10% 06-02-2050	210,000	222	234
Province of Saskatchewan 3.30% 06-02-2048	250,000	271	286
Province of Saskatchewan 3.75% 03-05-2054	100,000	118	127
Total Provincial Governments		22,513	22,986
Municipal Governments			
City of Montreal 2.00% 09-01-2031	155,000	154	153
City of Ottawa 2.50% 05-11-2051	135,000	123	132

Long Term Bond Fund 18.53PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Municipal Governments (continued)			
City of Toronto 2.15% 08-25-2040	175,000	163	164
City of Toronto 2.90% 04-29-2051	75,000	75	79
Total Municipal Governments		515	528
Corporate - Non-convertible			
407 International Inc. 2.84% 03-07-2050	125,000	120	120
407 International Inc. 3.43% 06-01-2033	90,000	96	97
407 International Inc. 3.83% 05-11-2046	135,000	146	153
Aeroports de Montreal 3.03% 04-21-2050	75,000	79	75
Aeroports de Montreal 3.919% 09-26-2042	87,000	96	99
Aeroports de Montreal 5.472% 04-16-2040	205,000	270	276
AltaLink LP 3.717% 12-03-2046	220,000	227	250
AltaLink LP 4.054% 11-21-2044	190,000	216	224
ARC Resources Ltd. 3.465% 03-10-2031	180,000	179	185
Bell Canada Inc. 3.00% 03-17-2031	75,000	75	76
Bell Canada Inc. 3.50% 09-30-2050	130,000	125	125
Bell Canada Inc. 4.05% 03-17-2051	135,000	135	143
Bell Canada Inc. 4.35% 12-18-2045	150,000	162	165
Bell Canada Inc. 4.75% 09-29-2044	100,000	106	116
Bell Canada Inc. 6.10% 03-16-2035	105,000	140	135
British Columbia Ferry Services Inc. 2.794% 10-15-2049	55,000	55	54
British Columbia Ferry Services Inc. 4.289% 04-28-2044	80,000	93	98
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	225,000	225	220
Bruce Power LP 4.00% 06-21-2030	100,000	110	110
Bruce Power LP 4.132% 06-21-2033	140,000	166	155
Calgary Airport Authority 3.341% 10-07-2038	220,000	224	229
Calgary Airport Authority 3.554% 10-07-2053	70,000	70	77
Canadian National Railway Co. 3.60% 02-08-2049	75,000	75	81
Canadian National Railway Co. 3.95% 09-22-2045	200,000	217	227
Carleton University 3.264% 07-05-2061	170,000	170	178
CU Inc. 2.963% 09-07-2049	180,000	184	178
CU Inc. 3.548% 11-22-2047	250,000	253	273
CU Inc. 4.543% 10-24-2041	250,000	291	308
Enbridge Gas Inc. 2.35% 09-15-2031	255,000	255	252
Enbridge Gas Inc. 3.20% 09-15-2051	150,000	150	154

Long Term Bond Fund 18.53PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Inc. 4.57% 03-11-2044	135,000	137	147
Enbridge Pipelines Inc. 2.82% 05-12-2031	120,000	120	120
Enbridge Pipelines Inc. 4.33% 02-22-2049	180,000	202	194
Enbridge Pipelines Inc. 5.33% 04-06-2040	200,000	235	239
EPCOR Utilities Inc. 3.287% 06-28-2051	70,000	70	74
Fair Hydro Trust 3.357% 05-15-2033	80,000	93	86
Fair Hydro Trust 3.52% 05-15-2038	300,000	367	330
FortisAlberta Inc. 6.22% 10-31-2034	55,000	75	75
FortisBC Energy Inc. 3.67% 04-09-2046	100,000	107	112
Greater Toronto Airports Authority 2.75% 10-17-2039	65,000	67	64
Greater Toronto Airports Authority 3.15% 10-05-2051	85,000	85	88
Greater Toronto Airports Authority 5.30% 02-25-2041	175,000	228	236
Greater Toronto Airports Authority 6.47% 02-02-2034	70,000	96	96
Health Montreal Collective LP 6.721% 09-30-2049	334,359	467	463
Hydro One Inc. 3.10% 09-15-2051	50,000	49	51
Hydro One Inc. 3.64% 04-05-2050	175,000	185	196
Hydro One Inc. 3.72% 11-18-2047	150,000	162	169
Hydro One Inc. 3.91% 02-24-2046	225,000	252	260
Hydro One Inc. 4.39% 09-26-2041	130,000	147	157
Hydro One Inc. 6.35% 01-31-2034	95,000	138	130
Hydro-Quebec 2.10% 02-15-2060	350,000	293	318
Loblaw Companies Ltd. 5.90% 01-18-2036	215,000	264	274
Metro Inc. 4.27% 12-04-2047	125,000	134	141
Metro Inc. 5.03% 12-01-2044	90,000	107	111
Metro Inc. 5.97% 10-15-2035	140,000	186	180
Montreal Port Authority 3.24% 03-22-2051	100,000	100	106
Municipal Finance Authority of British Columbia 2.50% 09-27-2041	95,000	95	95
NAV CANADA 3.293% 03-30-2048	42,000	46	45
NAV CANADA 3.534% 02-23-2046	210,000	222	234
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	190,000	190	191
North West Redwater Partnership/NWR Financing Co. Ltd. 3.75% 06-01-2051	135,000	134	141
OMERS Finance Trust 2.60% 05-14-2029	88,000	88	92
PSP Capital Inc. 2.05% 01-15-2030	207,000	210	210
Ryerson University 3.542% 05-04-2061	295,000	295	318
South Coast British Columbia Transportation Authority 3.15% 11-16-2048	183,000	181	200
Sun Life Financial Inc. 2.06% 10-01-2035	200,000	200	191
Sun Life Financial Inc. 5.40% 05-29-2042	100,000	120	128

Long Term Bond Fund 18.53PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Suncor Energy Inc. 3.95% 03-04-2051	45,000	44	45
Suncor Energy Inc. 5.39% 03-26-2037	270,000	323	327
TELUS Corp. 3.95% 02-16-2050	100,000	107	102
TELUS Corp. 4.10% 04-05-2051	95,000	94	100
TELUS Corp. 4.40% 04-01-2043	145,000	146	157
TELUS Corp. 4.85% 04-05-2044	115,000	131	133
Toronto Hydro Corp. 3.27% 10-18-2051	100,000	100	107
TransCanada PipeLines Ltd. 2.97% 06-09-2031	105,000	105	106
TransCanada PipeLines Ltd. 4.34% 10-15-2049	130,000	149	139
TransCanada PipeLines Ltd. 4.35% 06-06-2046	175,000	200	187
TransCanada PipeLines Ltd. 4.55% 11-15-2041	150,000	157	164
TransCanada PipeLines Ltd. 8.05% 02-17-2039	120,000	185	182
Union Gas Ltd. 3.59% 11-22-2047	100,000	103	109
University of Ottawa 2.635% 02-13-2060	115,000	115	104
Vancouver Airport Authority 2.80% 09-21-2050	100,000	100	97
Vancouver Airport Authority 2.874% 10-18-2049	65,000	65	64
Vancouver Airport Authority 3.857% 11-10-2045	190,000	214	220
Total Corporate - Non-convertible		13,195	13,438
Total Canadian Bonds		41,132	41,962
United States Bonds			
Corporate - Non-convertible			
Manulife Finance (Delaware) LP 5.059% 12-15-2041	227,000	255	277
Total Corporate - Non-convertible		255	277
Total United States Bonds		255	277
Total Bonds		41,387	42,239
Total Investments		41,387	42,239

Long Term Bond Fund 18.53PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Long Term Bond Fund 18.53PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ —	\$ 2,606	\$ 39,633	\$ 42,239

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ —	\$ 2,364	\$ 55,666	\$ 58,030

Long Term Bond Fund 18.53PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$6,799 (\$9,345 at December 31, 2020) or approximately 16.0% (16.0% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	1.9	1.9	1.7	1.8
AA	39.4	39.2	40.9	40.7
A	45.4	45.3	44.0	43.8
BBB	13.3	13.3	13.1	13.0
BB and lower	—	—	0.3	0.3
Total	100.0	99.7	100.0	99.6

Long Term Bond Fund 18.53PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 42,239	\$ —	\$ 42,239
Total assets measured at fair value	\$ —	\$ 42,239	\$ —	\$ 42,239

	2020			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 58,030	\$ —	\$ 58,030
Total assets measured at fair value	\$ —	\$ 58,030	\$ —	\$ 58,030

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Long Term Bond Fund 18.53PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	116,637	1,808,713	2,058,428	1,001,925	1,734,936	1,888	30,663	31,020	13,400	23,197
75/75 guarantee policy	18,752	29,192	34,978	12,521	13,056	254	423	460	149	159
75/100 guarantee policy	86,050	247,563	38,491	15,226	15,510	1,148	3,536	500	180	187
100/100 guarantee policy	260	452	354	355	355	3	6	5	4	4
PS1 75/75 guarantee policy	4,308	6,912	13,982	1,738	1,937	61	104	190	21	24
PS1 75/100 guarantee policy	16,125	126,273	68,787	9,673	12,165	226	1,882	927	118	151
PS1 100/100 guarantee policy	—	—	15,922	—	—	—	—	212	—	—
PS2 75/75 guarantee policy	2,963	3,013	15,024	3,114	5,176	48	51	227	42	69
PS2 75/100 guarantee policy	8,317	11,529	6,118	6,605	7,867	135	196	92	88	105
PS 75/75 guarantee policy	7,714	8,416	9,088	1	—	87	101	98	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	16.19	16.95	15.07	13.37	13.37	(0.76)	1.88
75/75 guarantee policy	13.55	14.49	13.15	11.92	12.18	(0.94)	1.34
75/100 guarantee policy	13.34	14.28	12.99	11.79	12.07	(0.94)	1.29
100/100 guarantee policy	13.16	14.11	12.85	11.69	11.98	(0.95)	1.26
PS1 75/75 guarantee policy	14.19	15.09	13.62	12.28	12.47	(0.90)	1.47
PS1 75/100 guarantee policy	14.00	14.90	13.48	12.17	12.38	(0.90)	1.42
PS1 100/100 guarantee policy	—	—	13.33	—	—	—	—
PS2 75/75 guarantee policy	16.24	16.99	15.10	13.40	13.39	(0.75)	1.89
PS2 75/100 guarantee policy	16.24	16.99	15.10	13.40	13.39	(0.75)	1.89
PS 75/75 guarantee policy	11.24	11.95	10.79	9.75	—	(0.71)	1.16

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Long Term Bond Fund 18.53PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Long Term Bond Fund 18.53PIM

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.10	2.14	2.17	2.19	2.16
75/100 guarantee policy	2.28	2.29	2.33	2.36	2.35
100/100 guarantee policy	2.43	2.45	2.50	2.54	2.49
PS1 75/75 guarantee policy	1.54	1.57	1.59	1.62	1.59
PS1 75/100 guarantee policy	1.73	1.73	1.76	1.78	1.76
PS1 100/100 guarantee policy	—	—	1.92	—	—
PS 75/75 guarantee policy	1.56	1.59	1.61	1.62	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	86.80	55.55	49.15	20.66	31.57

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
REAL RETURN BOND FUND 18.52PIM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Real Return Bond Fund 18.52PIM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Real Return Bond Fund 18.52PIM

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 66	\$ 24
Investment income due and accrued	41	16
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	28,834	11,466
Stocks	—	—
Investment fund units	—	—
Total investments	28,834	11,466
Total assets	\$ 28,941	\$ 11,506
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	71	27
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	71	27
Net assets attributable to contractholders	\$ 28,870	\$ 11,479

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 993	\$ 1,356
Miscellaneous income (loss)	7	3
Total income	1,000	1,359
Expenses		
Management fees (note 7)	14	13
Transaction costs	—	—
Withholding taxes	—	—
Other	1	1
Total expenses	15	14
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 985	\$ 1,345

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 11,479	\$ 10,769
Contractholder deposits	20,435	1,582
Contractholder withdrawals	(4,029)	(2,217)
Increase (decrease) in net assets from operations attributable to contractholders	985	1,345
Change in net assets attributable to contractholders	17,391	710
Net assets attributable to contractholders - end of year	\$ 28,870	\$ 11,479

Real Return Bond Fund 18.52PIM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 985	\$ 1,345
Adjustments		
Add back amortization of premium (discount)	(669)	(50)
Realized (gains) losses	(317)	65
Unrealized (gains) losses	269	(1,156)
Gross proceeds of disposition of investments	3,925	2,876
Gross payments for the purchase of investments	(20,576)	(2,495)
Change in investment income due and accrued	(25)	3
Change in due from/to The Canada Life Assurance Company	44	22
	<u>(16,364)</u>	610
Financing Activities		
Contractholder deposits	20,435	1,582
Contractholder withdrawals	(4,029)	(2,217)
	<u>16,406</u>	(635)
Net increase (decrease) in cash, short-term deposits and overdrafts	42	(25)
Cash, short-term deposits and overdrafts, beginning of year	24	49
Cash, short-term deposits and overdrafts, end of year	\$ 66	\$ 24
Supplementary cash flow information		
Interest income received	\$ 251	\$ 217

Real Return Bond Fund 18.52PIM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Government of Canada 0.25% 12-01-2054 Real Return	315,000	339	366
Government of Canada 0.50% 12-01-2050 Real Return	2,410,000	2,914	3,170
Government of Canada 1.25% 12-01-2047 Real Return	2,385,000	3,433	3,778
Government of Canada 1.50% 12-01-2044 Real Return	2,375,000	3,711	4,071
Government of Canada 2.00% 12-01-2041 Real Return	1,985,000	3,428	3,703
Government of Canada 3.00% 12-01-2036 Real Return	1,850,000	3,763	3,883
Government of Canada 4.00% 12-01-2031 Real Return	1,895,000	4,249	4,365
Government of Canada 4.25% 12-01-2026 Real Return	1,360,000	2,800	2,811
Total Federal Government		24,637	26,147
Provincial Governments			
Province of Ontario 2.00% 12-01-2036 Real Return	958,000	1,411	1,575
Province of Quebec 3.25% 12-01-2036 Real Return	85,000	130	149
Province of Quebec 4.25% 12-01-2031 Real Return	147,000	289	308
Province of Quebec 4.50% 12-01-2026 Real Return	329,000	642	655
Total Provincial Governments		2,472	2,687
Total Canadian Bonds		27,109	28,834
Total Bonds		27,109	28,834
Total Investments		27,109	28,834

Real Return Bond Fund 18.52PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Real Return Bond Fund 18.52PIM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ —	\$ 3,467	\$ 4,673	\$ 20,694	\$	28,834

2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 108	\$ —	\$ 1,394	\$ 9,964	\$	11,466

Real Return Bond Fund 18.52PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$2,281 (\$936 at December 31, 2020) or approximately 7.9% (8.2% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	28.2	28.2	27.4	27.4
AA	66.3	66.2	67.0	66.9
A	5.5	5.5	5.6	5.6
Total	100.0	99.9	100.0	99.9

Real Return Bond Fund 18.52PIM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 28,834	\$ —	\$ 28,834
Total assets measured at fair value	\$ —	\$ 28,834	\$ —	\$ 28,834

	2020			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 11,466	\$ —	\$ 11,466
Total assets measured at fair value	\$ —	\$ 11,466	\$ —	\$ 11,466

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Real Return Bond Fund 18.52PIM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	28,889	29,972	23,284	24,728	22,540	346	360	254	254	237
75/100 guarantee policy	19,695	13,702	23,505	14,378	12,044	232	162	253	147	126
100/100 guarantee policy	2,113	2,112	—	—	—	25	25	—	—	—
PS1 75/75 guarantee policy	4,034	6,576	7,502	4,008	4,606	51	82	85	43	50
PS1 75/100 guarantee policy	—	9,487	8,333	6,988	9,869	—	117	93	73	106
PS2 75/75 guarantee policy	14,996	11,035	7,205	11,267	11,815	216	156	90	131	137
PS2 75/100 guarantee policy	2	—	2,033	2,069	2,105	—	—	25	24	24

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	11.99	12.02	10.89	10.29	10.51	(0.03)	1.13
75/100 guarantee policy	11.78	11.84	10.75	10.19	10.43	(0.06)	1.09
100/100 guarantee policy	11.61	11.69	—	—	—	(0.08)	1.06
PS1 75/75 guarantee policy	12.54	12.51	11.28	10.61	10.79	0.03	1.23
PS1 75/100 guarantee policy	—	12.36	11.16	10.52	10.71	—	1.20
PS2 75/75 guarantee policy	14.37	14.11	12.52	11.60	11.60	0.26	1.59
PS2 75/100 guarantee policy	14.21	—	12.52	11.60	11.60	0.10	—

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Real Return Bond Fund 18.52PIM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

Real Return Bond Fund 18.52PIM

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.06	2.05	2.05	2.10	2.18
75/100 guarantee policy	2.33	2.34	2.32	2.34	2.34
100/100 guarantee policy	2.50	2.48	—	—	—
PS1 75/75 guarantee policy	1.60	1.60	1.59	1.60	1.60
PS1 75/100 guarantee policy	—	1.76	1.76	1.77	1.78

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	13.39	19.23	8.19	14.79	16.60

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. DIVIDEND FUND 18.55L

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Dividend Fund 18.55L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Dividend Fund 18.55L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 13	\$ 672
Investment income due and accrued	112	112
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	803	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	122,303	113,295
Investment fund units	—	—
Total investments	122,303	113,295
Total assets	\$ 123,231	\$ 114,079
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	220	138
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	220	138
Net assets attributable to contractholders	\$ 123,011	\$ 113,941

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 26,389	\$ 7,092
Miscellaneous income (loss)	20	119
Total income	26,409	7,211
Expenses		
Management fees (note 7)	1,769	1,737
Transaction costs	27	45
Withholding taxes	337	410
Other	187	186
Total expenses	2,320	2,378
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 24,089	\$ 4,833

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 113,941	\$ 127,062
Contractholder deposits	3,668	3,776
Contractholder withdrawals	(18,687)	(21,730)
Increase (decrease) in net assets from operations attributable to contractholders	24,089	4,833
Change in net assets attributable to contractholders	9,070	(13,121)
Net assets attributable to contractholders - end of year	\$ 123,011	\$ 113,941

U.S. Dividend Fund 18.55L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 24,089	\$ 4,833
Adjustments		
Realized (gains) losses	(12,846)	(2,577)
Unrealized (gains) losses	(10,942)	(1,486)
Gross proceeds of disposition of investments	51,992	49,648
Gross payments for the purchase of investments	(37,212)	(34,900)
Change in investment income due and accrued	—	47
Change in due from/to The Canada Life Assurance Company	82	(32)
Change in due from/to brokers	(803)	—
	<u>14,360</u>	<u>15,533</u>
Financing Activities		
Contractholder deposits	3,668	3,776
Contractholder withdrawals	(18,687)	(21,730)
	<u>(15,019)</u>	<u>(17,954)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(659)	(2,421)
Cash, short-term deposits and overdrafts, beginning of year	672	3,093
Cash, short-term deposits and overdrafts, end of year	\$ 13	\$ 672
Supplementary cash flow information		
Dividend income received	\$ 2,601	\$ 3,076

U.S. Dividend Fund 18.55L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Materials			
Franco-Nevada Corp. [USD]	2,716	418	475
Nutrien Ltd. [USD]	6,794	460	647
Total Canadian Common Stock		878	1,122
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	4,898	491	412
Alphabet Inc. Class A	453	1,268	1,660
AT&T Inc.	16,450	790	512
Comcast Corp. Class A	26,143	1,295	1,664
The Interpublic Group of Companies Inc.	8,052	251	381
The Walt Disney Co.	7,263	1,216	1,423
Verizon Communications Inc.	28,347	1,812	1,863
Consumer Discretionary			
Amazon.com Inc.	245	1,073	1,033
Lowe's Companies Inc.	6,867	1,024	2,245
McDonald's Corp.	7,728	1,797	2,622
Nike Inc. Class B	5,046	910	1,064
Target Corp.	3,303	320	967
The TJX Companies Inc.	20,587	1,486	1,977
Travel + Leisure Co.	14,786	972	1,034
Consumer Staples			
Altria Group Inc.	6,420	456	385
Constellation Brands Inc. Class A	4,102	1,077	1,302
CVS Health Corp.	10,185	1,011	1,329
Mondelez International Inc.	10,989	656	922
PepsiCo Inc.	10,346	1,583	2,274
Philip Morris International Inc.	11,581	1,338	1,392
The Procter & Gamble Co.	10,995	1,387	2,276
Walmart Inc.	8,996	1,335	1,647
Energy			
Chesapeake Energy Corp.	6,796	521	555
Chevron Corp.	17,695	2,471	2,627

U.S. Dividend Fund 18.55L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Energy (continued)			
Diamondback Energy Inc.	10,834	1,089	1,478
Kinder Morgan Inc.	26,474	602	531
Exchange Traded Funds			
iShares Semiconductor ETF	1,226	471	841
Financials			
Apollo Global Management Inc.	6,033	543	553
Arthur J. Gallagher & Co.	5,076	485	1,089
Bank of America Corp.	30,122	1,084	1,695
BlackRock Inc.	1,550	870	1,795
Capital One Financial Corp.	6,445	1,095	1,183
Digital Realty Trust Inc. REIT	2,406	375	538
Intercontinental Exchange Inc.	10,678	1,379	1,847
JPMorgan Chase & Co.	19,151	1,857	3,837
Morgan Stanley	15,854	980	1,969
The Carlyle Group Inc.	15,830	1,005	1,099
The Charles Schwab Corp.	9,401	833	1,000
The Hartford Financial Services Group Inc.	15,355	1,386	1,341
Health Care			
Abbott Laboratories	6,840	488	1,218
AbbVie Inc.	14,519	1,830	2,488
Anthem Inc.	4,044	1,178	2,371
Bristol-Myers Squibb Co.	6,631	546	523
Eli Lilly and Co.	2,315	639	809
Johnson & Johnson Inc.	11,111	1,974	2,405
Merck & Co. Inc.	10,504	1,115	1,018
Pfizer Inc.	16,496	806	1,232
Stryker Corp.	3,121	1,070	1,056
Industrials			
Danaher Corp.	1,808	730	752
FedEx Corp.	1,553	499	508
Honeywell International Inc.	8,214	1,764	2,167
Jacobs Engineering Group Inc.	6,021	955	1,060
Raytheon Technologies Corp.	19,906	2,122	2,167

U.S. Dividend Fund 18.55L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Industrials (continued)			
Republic Services Inc.	6,368	748	1,123
Union Pacific Corp.	5,789	878	1,845
Information Technology			
Analog Devices Inc.	9,262	1,952	2,059
Apple Inc.	13,509	799	3,035
Broadcom Inc.	4,708	1,610	3,963
Cisco Systems Inc.	30,506	1,342	2,445
Fidelity National Information Services Inc.	3,495	469	483
Lam Research Corp.	1,677	693	1,526
Microsoft Corp.	18,747	1,981	7,977
Motorola Solutions Inc.	2,435	451	837
Visa Inc. Class A	9,960	2,532	2,730
Materials			
Air Products and Chemicals Inc.	3,545	884	1,364
Crown Holdings Inc.	8,899	1,171	1,245
DuPont de Nemours Inc.	6,792	577	694
Eastman Chemical Co.	2,072	227	317
Real Estate			
Crown Castle International Corp.	2,085	385	551
ProLogis Inc. REIT	2,709	327	577
Simon Property Group Inc.	2,572	433	520
Sun Communities Inc. REIT	2,158	387	573
Utilities			
Exelon Corp.	25,639	1,267	1,873
NextEra Energy Inc.	19,594	1,514	2,314
Sempra Energy	12,804	2,241	2,143
Total United States Common Stock		79,178	114,330

U.S. Dividend Fund 18.55L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Ireland			
Accenture PLC Class A	3,481	786	1,825
Eaton Corp. PLC	14,040	1,487	3,069
Medtronic Co. PLC	14,954	2,209	1,957
Total Global Common Stock		4,482	6,851
Total Stocks		84,538	122,303
Transaction Costs (see notes to financial statements (note 2))		(35)	
Total Investments		84,503	122,303

U.S. Dividend Fund 18.55L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Dividend Fund 18.55L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 122,303	\$ 4	\$ 122,307	\$ 1,223
Total	\$ 122,303	\$ 4	\$ 122,307	\$ 1,223
As Percent of Net Assets Attributable to Contractholders			99.4%	1.0%

*Includes both monetary and non-monetary instruments

U.S. Dividend Fund 18.55L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 113,295	\$ 652	\$ 113,947	\$ 1,139
Total	\$ 113,295	\$ 652	\$ 113,947	\$ 1,139
As Percent of Net Assets Attributable to Contractholders			100.0%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,223 (\$1,133 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 122,303	\$ —	\$ —	\$ 122,303
Total assets measured at fair value	\$ 122,303	\$ —	\$ —	\$ 122,303

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 113,295	\$ —	\$ —	\$ 113,295
Total assets measured at fair value	\$ 113,295	\$ —	\$ —	\$ 113,295

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Dividend Fund 18.55L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	260,423	286,180	281,686	281,466	308,220	9,179	8,102	7,467	6,177	6,411
75/75 guarantee policy	987,373	1,156,475	1,380,922	1,371,696	1,373,724	27,705	26,762	30,723	25,944	25,295
75/100 guarantee policy	549,685	655,516	794,991	800,527	671,194	15,176	14,959	17,481	14,997	12,267
100/100 guarantee policy	24,209	31,508	38,590	45,128	38,157	653	704	833	833	689
PS1 75/75 guarantee policy	768,044	783,484	889,176	925,622	823,788	22,479	18,824	20,444	18,009	15,528
PS1 75/100 guarantee policy	414,751	416,115	437,284	433,910	358,171	11,856	9,792	9,874	8,314	6,667
PS1 100/100 guarantee policy	18,841	17,433	21,347	18,621	16,497	521	398	470	349	302
PS2 75/75 guarantee policy	507,112	536,441	695,537	757,828	707,600	17,922	15,223	18,475	16,661	14,739
PS2 75/100 guarantee policy	350,149	430,803	522,418	531,998	468,959	12,375	12,225	13,877	11,696	9,768
PS2 100/100 guarantee policy	14,053	11,438	12,044	21,486	27,536	497	325	320	472	574
PS 75/75 guarantee policy	90,500	112,468	150,740	89,367	—	1,351	1,370	1,745	870	—
PS 75/100 guarantee policy	46,706	69,779	75,309	23,743	—	692	845	869	231	—
PPS 75/75 guarantee policy	104,103	75,920	58,365	5,874	—	1,580	935	680	57	—
PPS 75/100 guarantee policy	11,884	7,896	3,072	—	—	179	97	36	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	35.24	28.31	26.51	21.95	20.80	6.93	1.80
75/75 guarantee policy	28.06	23.14	22.25	18.91	18.41	4.92	0.89
75/100 guarantee policy	27.61	22.82	21.99	18.73	18.28	4.79	0.83
100/100 guarantee policy	26.97	22.35	21.60	18.45	18.05	4.62	0.75
PS1 75/75 guarantee policy	29.27	24.03	22.99	19.46	18.85	5.24	1.04
PS1 75/100 guarantee policy	28.59	23.53	22.58	19.16	18.61	5.06	0.95
PS1 100/100 guarantee policy	27.66	22.86	22.02	18.76	18.29	4.80	0.84
PS2 75/75 guarantee policy	35.34	28.38	26.56	21.98	20.83	6.96	1.82
PS2 75/100 guarantee policy	35.34	28.38	26.56	21.98	20.83	6.96	1.82
PS2 100/100 guarantee policy	35.34	28.38	26.56	21.98	20.83	6.96	1.82
PS 75/75 guarantee policy	14.93	12.18	11.58	9.74	—	2.75	0.60
PS 75/100 guarantee policy	14.82	12.11	11.54	9.72	—	2.71	0.57
PPS 75/75 guarantee policy	15.17	12.32	11.66	9.76	—	2.85	0.66
PPS 75/100 guarantee policy	15.03	12.23	11.61	—	—	2.80	0.62

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Dividend Fund 18.55L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Dividend Fund 18.55L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.67	2.68	2.68	2.71	2.75
75/100 guarantee policy	2.90	2.90	2.91	2.91	2.91
100/100 guarantee policy	3.17	3.18	3.18	3.19	3.19
PS1 75/75 guarantee policy	2.21	2.21	2.22	2.23	2.22
PS1 75/100 guarantee policy	2.49	2.49	2.50	2.50	2.50
PS1 100/100 guarantee policy	2.87	2.88	2.88	2.89	2.89
PS 75/75 guarantee policy	1.57	1.57	1.57	1.57	—
PS 75/100 guarantee policy	1.79	1.79	1.79	1.79	—
PPS 75/75 guarantee policy	1.10	1.11	1.11	1.11	—
PPS 75/100 guarantee policy	1.38	1.38	1.38	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	31.82	30.46	43.82	32.70	35.82

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL UNCONSTRAINED FUND 18.61MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Unconstrained Fund 18.61MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Unconstrained Fund 18.61MF

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	39	10
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	59,441	70,384
Total investments	59,441	70,384
Total assets	\$ 59,480	\$ 70,394
Liabilities		
Overdrafts	\$ 69	\$ 32
Due to The Canada Life Assurance Company (note 8)	89	24
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	158	56
Net assets attributable to contractholders	\$ 59,322	\$ 70,338

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (44)	\$ 4,468
Miscellaneous income (loss)	—	—
Total income	(44)	4,468
Expenses		
Management fees (note 8)	469	494
Other	49	48
Total expenses	518	542
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (562)	\$ 3,926

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 70,338	\$ 69,109
Contractholder deposits	4,552	9,788
Contractholder withdrawals	(15,006)	(12,485)
Increase (decrease) in net assets from operations attributable to contractholders	(562)	3,926
Change in net assets attributable to contractholders	(11,016)	1,229
Net assets attributable to contractholders - end of year	\$ 59,322	\$ 70,338

Global Unconstrained Fund 18.61MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (562)	\$ 3,926
Adjustments		
Realized (gains) losses	296	3
Unrealized (gains) losses	2,273	(775)
Gross proceeds of disposition of investments	17,083	15,896
Gross payments for the purchase of investments	(6,184)	(12,452)
Distribution income of underlying mutual fund	(2,525)	(3,696)
Change in due from/to The Canada Life Assurance Company	65	(138)
Change in due from/to brokers	(29)	21
	<u>10,417</u>	<u>2,785</u>
Financing Activities		
Contractholder deposits	4,552	9,788
Contractholder withdrawals	(15,006)	(12,485)
	<u>(10,454)</u>	<u>(2,697)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(37)	88
Cash, short-term deposits and overdrafts, beginning of year	<u>(32)</u>	<u>(120)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (69)</u>	<u>\$ (32)</u>

Global Unconstrained Fund 18.61MF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Unconstrained Fixed Income Fund Series S *	6,138,407	61,342	59,441
Total Investments		61,342	59,441

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	4.20%
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%
People's Republic of China 3.13% 11-21-2029	2.71%
People's Republic of China 1.99% 04-09-2025	2.41%
Mackenzie Canadian Short-Term Bond Index ETF *	2.30%
Government of Canada 1.00% 09-01-2026	2.21%
People's Republic of China 3.29% 05-23-2029	1.93%
United States Treasury Inflation Index 0.13% 02-15-2051	1.58%
Government of Russia 7.65% 04-10-2030	1.37%
Mackenzie Credit Absolute Return Fund Series R *	1.33%
United States Treasury Inflation Index 0.25% 02-15-2050	1.04%
Enbridge Inc. 5.375% 09-27-2077	0.98%
Mackenzie Floating Rate Income Fund Series R *	0.93%
International Finance Corp. 7.75% 01-18-2030	0.76%
Mackenzie Emerging Markets Bond Index ETF *	0.75%
Mackenzie Global Sustainable Bond ETF *	0.71%
Government of Mexico 7.75% 05-29-2031	0.70%
Canada Housing Trust No. 1 Floating Rate 03-15-2024	0.69%
Northleaf Private Credit II LP MI 15	0.64%
Government of Canada 0.50% 12-01-2050 Real Return	0.56%
Inter Pipeline Ltd. 6.875% 03-26-2079	0.50%
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	0.47%
International Finance Corp. 7.50% 01-18-2028	0.45%
Logan Group Co. Ltd. 4.70% 07-06-2026	0.41%

*The issuer of this security is a related company to the issuer of the Fund.

Global Unconstrained Fund 18.61MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	576,546	595,916	428,680	348,783	230,477	6,774	7,165	4,954	3,868	2,569
75/100 guarantee policy	254,228	362,140	484,218	389,828	287,358	2,967	4,330	5,570	4,308	3,195
100/100 guarantee policy	10,727	18,081	15,569	7,071	660	124	214	178	78	7
PS1 75/75 guarantee policy	689,431	668,800	536,791	503,543	258,566	8,401	8,293	6,359	5,691	2,920
PS1 75/100 guarantee policy	345,165	518,053	590,658	598,969	475,494	4,177	6,386	6,964	6,745	5,356
PS1 100/100 guarantee policy	6,786	17,115	57,595	58,101	26,083	81	209	674	651	293
PS2 75/75 guarantee policy	233,798	276,173	186,002	161,052	118,166	3,165	3,738	2,365	1,921	1,385
PS2 75/100 guarantee policy	268,556	384,837	465,809	309,973	194,652	3,635	5,209	5,922	3,697	2,281
PS 75/75 guarantee policy	27,773	32,147	29,464	9,919	—	296	349	306	98	—
PS 75/100 guarantee policy	20,654	39,501	44,319	7,525	—	220	428	459	75	—
PPS 75/75 guarantee policy	45,625	56,782	67,623	25,039	—	497	626	708	249	—
PPS 75/100 guarantee policy	6,933	6,580	—	—	—	75	72	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	11.75	12.02	11.56	11.09	11.15	(0.27)	0.46
75/100 guarantee policy	11.67	11.96	11.50	11.05	11.12	(0.29)	0.46
100/100 guarantee policy	11.55	11.86	11.43	11.00	11.08	(0.31)	0.43
PS1 75/75 guarantee policy	12.19	12.40	11.85	11.30	11.29	(0.21)	0.55
PS1 75/100 guarantee policy	12.10	12.33	11.79	11.26	11.26	(0.23)	0.54
PS1 100/100 guarantee policy	11.98	12.22	11.71	11.20	11.22	(0.24)	0.51
PS2 75/75 guarantee policy	13.54	13.54	12.71	11.93	11.72	—	0.83
PS2 75/100 guarantee policy	13.54	13.54	12.71	11.93	11.72	—	0.83
PS 75/75 guarantee policy	10.67	10.86	10.38	9.91	—	(0.19)	0.48
PS 75/100 guarantee policy	10.63	10.83	10.37	9.90	—	(0.20)	0.46
PPS 75/75 guarantee policy	10.89	11.02	10.47	9.94	—	(0.13)	0.55
PPS 75/100 guarantee policy	10.85	10.99	—	—	—	(0.14)	0.53

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Unconstrained Fund 18.61MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Global Unconstrained Fund 18.61MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Unconstrained Fund 18.61MF

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.32	2.30	2.29	2.26	2.28
75/100 guarantee policy	2.43	2.41	2.40	2.37	2.39
100/100 guarantee policy	2.60	2.57	2.56	2.52	2.55
PS1 75/75 guarantee policy	1.74	1.70	1.69	1.67	1.69
PS1 75/100 guarantee policy	1.86	1.82	1.80	1.78	1.80
PS1 100/100 guarantee policy	2.02	1.99	1.97	1.94	1.97
PS 75/75 guarantee policy	1.76	1.75	1.74	1.71	—
PS 75/100 guarantee policy	1.88	1.86	1.84	1.82	—
PPS 75/75 guarantee policy	1.19	1.16	1.14	1.13	—
PPS 75/100 guarantee policy	1.30	1.26	—	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.74	1.72	1.71	1.69	1.71
PS1 75/100 guarantee policy	1.86	1.84	1.82	1.80	1.82
PS1 100/100 guarantee policy	2.02	2.01	1.99	1.96	1.99
PPS 75/75 guarantee policy	1.19	1.18	1.16	1.15	—
PPS 75/100 guarantee policy	1.30	1.28	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	9.46	17.69	8.62	8.60	7.64

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MORTGAGE INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Mortgage Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Mortgage Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: The Canada Life Assurance Company

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 60,242	\$ 60,753
Investment income due and accrued	1,514	1,644
Due from The Canada Life Assurance Company (note 7)	852	191
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	67,243	84,905
Stocks	—	—
Mortgage loans	508,438	544,520
Total investments	575,681	629,425
Total assets	\$ 638,289	\$ 692,013
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 638,289	\$ 692,013

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,763	\$ 44,261
Miscellaneous income (loss)	47	63
Total income	2,810	44,324
Expenses		
Management fees (note 7)	924	1,083
Transaction costs	—	—
Withholding taxes	—	—
Other	93	109
Total expenses	1,017	1,192
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,793	\$ 43,132

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 692,013	\$ 721,536
Contractholder deposits	56,315	48,106
Contractholder withdrawals	(111,832)	(120,761)
Increase (decrease) in net assets from operations attributable to contractholders	1,793	43,132
Change in net assets attributable to contractholders	(53,724)	(29,523)
Net assets attributable to contractholders - end of year	\$ 638,289	\$ 692,013

Mortgage Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,793	\$ 43,132
Adjustments		
Realized (gains) losses	(1,546)	388
Unrealized (gains) losses	18,186	(22,756)
Gross proceeds of disposition of investments	65,996	108,189
Gross payments for the purchase of investments	(28,892)	(61,145)
Change in investment income due and accrued	130	141
Change in due from/to The Canada Life Assurance Company	(661)	(472)
	<u>55,006</u>	<u>67,477</u>
Financing Activities		
Contractholder deposits	56,315	48,106
Contractholder withdrawals	(111,832)	(120,761)
	<u>(55,517)</u>	<u>(72,655)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(511)	(5,178)
Cash, short-term deposits and overdrafts, beginning of year	<u>60,753</u>	<u>65,931</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 60,242</u>	<u>\$ 60,753</u>
Supplementary cash flow information		
Interest income received	\$ 19,335	\$ 21,368

Mortgage Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.55% 12-15-2026	3,250,000	3,243	3,250
Government of Canada 1.50% 06-01-2026	17,000,000	18,152	17,215
Government of Canada 1.50% 09-01-2024	5,000,000	5,231	5,057
Government of Canada 2.25% 06-01-2025	15,000,000	15,937	15,561
Total Federal Government		42,563	41,083
Corporate - Non-convertible			
Bankers Hall LP 4.377% 11-20-2023	4,223,485	4,223	4,307
Broadcast Centre Trust 7.53% 05-01-2027	2,098,005	2,120	2,400
First Place Tower Brookfield Properties 3.559% 12-01-2023	12,031,998	12,032	12,473
Georgia & Seymour Properties Ltd. Partnership 3.40% 07-22-2025	6,895,626	6,896	6,980
Total Corporate - Non-convertible		25,271	26,160
Total Canadian Bonds		67,834	67,243
Total Bonds		67,834	67,243

Mortgage Investment Fund No. 1

(in Canadian \$ thousands, except number of properties)

Schedule of Investment Portfolio

As at December 31, 2021

Mortgages

Description	Number of Properties	Fair Value
By Province		
Alberta	16	67,944
British Columbia	33	123,629
Manitoba	10	35,435
Nova Scotia	1	2,577
Ontario	47	220,736
Quebec	7	47,871
Saskatchewan	2	10,246
Total By Province	116	508,438
By Maturity Date		
2022	13	54,150
2023	22	102,660
2024	8	38,631
2025	23	82,759
2026	13	49,062
2027	12	56,475
2028	4	26,672
2029	3	16,913
2030	6	23,375
2031	6	12,884
2032	1	953
2033	1	26,092
2034	1	5,413
2035	2	8,151
2036	1	4,248
Total By Maturity Date	116	508,438

Mortgage Investment Fund No. 1

(in Canadian \$ thousands, except number of properties)

Schedule of Investment Portfolio

As at December 31, 2021

Mortgages (continued)

Description	Number of Properties	Fair Value
By Property Type		
Apartments	38	135,232
Retail/Shopping Centre	32	165,337
Other	1	1,503
Industrial	28	108,852
Office Building	17	97,514
Total By Property Type	116	508,438
By Interest Rate		
From	To	
2.00 %	2.24 %	7,470
2.25 %	2.49 %	22,474
2.50 %	2.74 %	60,176
2.75 %	2.99 %	64,928
3.00 %	3.24 %	92,934
3.25 %	3.49 %	63,032
3.50 %	3.74 %	86,538
3.75 %	3.99 %	29,519
4.00 %	4.24 %	21,588
4.25 %	4.49 %	5,684
4.50 %	4.74 %	31,568
4.75 %	4.99 %	4,248
5.00 %	5.24 %	3,420
5.25 %	5.49 %	834
5.50 %	5.74 %	5,012
5.75 %	5.99 %	4,722
6.00 %	6.24 %	3,974
6.50 %	6.74 %	317
Total Mortgages By Interest Rate		508,438
Total Bonds		67,243
Total Investments		<u>575,681</u>

Mortgage Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Mortgage Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and mortgage loans. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The table below summarizes the Fund's exposure to interest rate risks by remaining term-to-maturity.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 64,843	\$ 2,400	\$ —	\$ 67,243
Mortgage loans	54,150	273,112	136,319	44,857	508,438

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 347	\$ 63,711	\$ 20,847	\$ —	\$ 84,905
Mortgage loans	14,421	307,198	175,981	46,920	544,520

Mortgage Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$2,203 (\$3,017 at December 31, 2020) or approximately 0.3% (0.4% at December 31, 2020) for the Fund's bond portfolio and by \$17,177 (\$21,070 at December 31, 2020) or approximately 2.7% (3.0% at December 31, 2020) for the Fund's mortgage portfolio. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 8)

D. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

The Fund is exposed to credit risk on its mortgage loans. The Fund monitors this credit risk on a regular basis, which was not significant during 2021 or 2020.

As at December 31, 2021, the Fund has insured mortgage loans of \$100,627 (\$107,561 at December 31, 2020) and uninsured mortgage loans of \$407,811 (\$436,959 at December 31, 2020).

There was no change in fair values of financial assets or liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	8.4	0.9	7.2	0.9
AA	56.3	5.9	46.5	5.7
BBB	6.4	0.7	22.0	2.7
NR *	28.9	3.0	24.3	3.0
Total	100.0	10.5	100.0	12.3

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Mortgage Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 67,243	\$ —	\$ 67,243
Mortgage loans	—	508,438	—	508,438
Total assets measured at fair value	\$ —	\$ 575,681	\$ —	\$ 575,681

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 84,905	\$ —	\$ 84,905
Mortgage loans	—	544,520	—	544,520
Total assets measured at fair value	\$ —	\$ 629,425	\$ —	\$ 629,425

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Mortgage Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	4,411,948	4,589,730	4,931,406	5,216,956	6,101,286	417,982	445,986	464,556	487,568	569,082
Individual No-Load (IA)	30,606	34,711	41,652	49,386	64,519	12,033	13,911	16,059	18,713	24,231
Individual Back-End Load (IB)	22,865	26,882	34,030	39,116	50,387	9,461	11,338	13,808	15,599	19,929
Managed Money (IC)	5,237	6,884	7,661	8,853	11,868	2,295	3,037	3,211	3,601	4,726
75/75 guarantee policy	310,235	382,164	452,064	514,801	678,975	3,993	5,014	5,706	6,386	8,353
75/100 guarantee policy	253,008	285,685	328,762	333,070	432,057	3,236	3,727	4,128	4,112	5,294
100/100 guarantee policy	18,248	21,799	24,897	26,722	37,809	232	283	311	328	461
PS1 75/75 guarantee policy	227,360	236,182	289,348	354,433	541,238	2,583	2,724	3,197	3,834	5,782
PS1 75/100 guarantee policy	147,089	218,112	257,818	248,664	266,377	1,662	2,504	2,837	2,680	2,837
PS1 100/100 guarantee policy	9,846	9,329	10,097	14,510	33,715	110	106	110	155	357
PS2 75/75 guarantee policy	351,925	404,294	463,946	478,322	520,550	4,836	5,530	5,961	5,898	6,214
PS2 75/100 guarantee policy	173,207	223,540	275,037	290,034	328,735	2,380	3,058	3,534	3,576	3,924
PS2 100/100 guarantee policy	782	910	966	1,025	1,210	11	12	12	13	14
PS 75/75 guarantee policy	3,185	4,035	5,992	2,560	—	35	44	62	26	—
PS 75/100 guarantee policy	325	1,807	1,936	1,384	—	4	20	20	14	—
PPS 75/75 guarantee policy	6,447	4,483	44	—	—	71	50	—	—	—
PPS 75/100 guarantee policy	—	—	274	—	—	—	—	3	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	94.74	97.17	94.20	93.46	93.27	(2.43)	2.97
Individual No-Load (IA)	393.15	400.77	385.55	378.92	375.56	(7.62)	15.22
Individual Back-End Load (IB)	413.75	421.77	405.75	398.78	395.52	(8.02)	16.02
Managed Money (IC)	438.31	441.20	419.12	406.73	398.18	(2.89)	22.08
75/75 guarantee policy	12.87	13.12	12.62	12.40	12.30	(0.25)	0.50
75/100 guarantee policy	12.79	13.04	12.56	12.35	12.25	(0.25)	0.48
100/100 guarantee policy	12.71	12.97	12.49	12.29	12.20	(0.26)	0.48
PS1 75/75 guarantee policy	11.36	11.53	11.05	10.82	10.68	(0.17)	0.48
PS1 75/100 guarantee policy	11.30	11.48	11.00	10.78	10.65	(0.18)	0.48
PS1 100/100 guarantee policy	11.18	11.37	10.91	10.70	10.58	(0.19)	0.46
PS2 75/75 guarantee policy	13.74	13.68	12.85	12.33	11.94	0.06	0.83
PS2 75/100 guarantee policy	13.74	13.68	12.85	12.33	11.94	0.06	0.83
PS2 100/100 guarantee policy	13.74	13.68	12.85	12.33	11.94	0.06	0.83
PS 75/75 guarantee policy	10.87	10.96	10.42	10.13	—	(0.09)	0.54
PS 75/100 guarantee policy	10.84	10.94	10.42	10.13	—	(0.10)	0.52
PPS 75/75 guarantee policy	11.02	11.07	10.49	—	—	(0.05)	0.58
PPS 75/100 guarantee policy	—	—	10.48	—	—	—	—

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Mortgage loans are recorded at fair values using current valuation rates for mortgages with similar terms to maturity.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Mortgage Loans

Mortgage loans are recorded at fair values using current valuation rates for mortgages with similar terms to maturity.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

m) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

Transaction costs, such as brokerage commissions, legal fees and land transfer tax incurred in the purchase and sale of mortgages by the Fund are added to the cost of the asset in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Mortgage Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS (continued)

c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

d) The Fund purchases and sells mortgages in transactions with the Company and The Canada Life Insurance Company of Canada, a wholly-owned subsidiary of the Company.

All transactions were at market terms and conditions.

e) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

8. COMPARATIVE FIGURES

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Mortgage Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.38	2.39	2.39	2.44	2.67
Individual Back-End Load (IB)	2.38	2.39	2.39	2.43	2.45
Managed Money (IC)	1.12	1.12	1.12	1.16	1.29
75/75 guarantee policy	2.39	2.39	2.39	2.43	2.44
75/100 guarantee policy	2.44	2.44	2.45	2.48	2.50
100/100 guarantee policy	2.50	2.49	2.50	2.53	2.54
PS1 75/75 guarantee policy	1.98	1.98	1.99	2.00	1.98
PS1 75/100 guarantee policy	2.04	2.03	2.04	2.05	2.05
PS1 100/100 guarantee policy	2.14	2.14	2.16	2.16	2.16
PS 75/75 guarantee policy	1.29	1.29	1.29	1.29	—
PS 75/100 guarantee policy	1.35	1.34	1.35	1.34	—
PPS 75/75 guarantee policy	0.88	0.87	0.87	—	—
PPS 75/100 guarantee policy	—	—	0.94	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.76	9.47	5.68	5.97	11.32

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN REAL ESTATE INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Real Estate Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: GWL Realty Advisors Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 292,942	\$ 372,718
Investment income due and accrued	405	1,449
Due from The Canada Life Assurance Company (note 9)	324	2,598
Due from brokers	—	—
Due from outside parties	69,449	38,614
Investments		
Bonds	156,420	500,156
Investment properties	6,154,819	5,610,690
Total investments	6,311,239	6,110,846
Total assets	\$ 6,674,359	\$ 6,526,225
Liabilities		
Due to The Canada Life Assurance Company (note 9)	\$ —	\$ —
Due to brokers	15	15
Due to outside parties	142,542	120,650
Lease liabilities (note 3)	75,857	85,561
Mortgages on investment properties (note 4)	1,140,036	1,123,685
Total liabilities excluding net assets attributable to contractholders	1,358,450	1,329,911
Net assets attributable to contractholders	\$ 5,315,909	\$ 5,196,314

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 375,642	\$ (59,706)
Investment properties income	420,357	435,177
Miscellaneous income (loss)	367	332
Total income	796,366	375,803
Expenses		
Management fees (note 9)	16,872	21,190
Investment properties expenses	236,269	245,875
Transaction costs	—	—
Withholding taxes	—	—
Other	1,848	2,328
Total expenses	254,989	269,393
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 541,377	\$ 106,410

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 5,196,314	\$ 5,163,317
Contractholder deposits	319,709	152,337
Contractholder withdrawals	(741,491)	(225,750)
Increase (decrease) in net assets from operations attributable to contractholders	541,377	106,410
Change in net assets attributable to contractholders	119,595	32,997
Net assets attributable to contractholders - end of year	\$ 5,315,909	\$ 5,196,314

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 541,377	\$ 106,410
Adjustments		
Add back amortization of premium (discount)	—	(197)
Add back amortization of lease inducements	12,633	19,570
Add back interest expense on lease liabilities (note 3)	1,837	2,089
Less lease payments and disposals (note 3)	(11,541)	(3,222)
Realized (gains) losses		
Bonds	1,175	(626)
Investment properties	(15,942)	(82,483)
Unrealized (gains) losses		
Bonds	21,609	(81)
Investment properties	(344,290)	102,340
Gross proceeds of disposition		
Bonds	329,600	83,695
Investment properties	56,704	411,520
Gross payments for purchases		
Bonds	(1,605)	(391,652)
Investment properties	(253,234)	(124,290)
Change in investment income due and accrued	1,044	(931)
Change in due from/to The Canada Life Assurance Company	2,274	(4,943)
Change in due from/to outside parties	(8,943)	(15,424)
Change in mortgages on investment properties	16,351	48,905
	349,049	150,680
Financing Activities		
Contractholder deposits	319,709	152,337
Contractholder withdrawals	(741,491)	(225,750)
	(421,782)	(73,413)
Net increase (decrease) in cash and short-term deposits (less than 90 days)	(72,733)	77,267
Cash and short-term deposits (less than 90 days), beginning of year	240,779	163,512
Cash and short-term deposits (less than 90 days), end of year	\$ 168,046	\$ 240,779
Cash and short-term deposits comprises		
Cash and short-term deposits (less than 90 days)	\$ 168,046	\$ 240,779
Cash and short-term deposits (90 days to less than a year)	124,896	131,939
Cash and short-term deposits, end of year	\$ 292,942	\$ 372,718
Supplementary cash flow information		
Interest income received	\$ 6,731	\$ 4,221
Mortgage interest paid	32,415	34,523

Canadian Real Estate Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 2.35% 06-15-2023	37,000,000	38,455	37,742
Canada Housing Trust No. 1 2.40% 12-15-2022	35,005,000	36,490	35,555
Government of Canada 1.50% 06-01-2023	40,000,000	40,973	40,367
Government of Canada 2.00% 09-01-2023	42,000,000	44,116	42,756
Total Federal Government		160,034	156,420
Total Canadian Bonds		160,034	156,420
Total Bonds		160,034	156,420

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
British Columbia										
840 Howe Street * Vancouver, British Columbia	50.00%	Office	1-Mar-97	26,548	95,650	31-Dec-21	100,062	99.50%	—	3,116
650 West Georgia Street * ⁽¹⁾ Vancouver, British Columbia	25.00%	Office	12-Dec-01	37,345	101,537	31-Dec-21	118,305	91.75%	—	3,434
4750 Arbutus Street Vancouver, British Columbia	50.00%	Residential	10-Jan-02	12,530	29,550	31-Dec-21	39,386	100.00%	(6,750)	1,038
4600 Jacombs Road Richmond, British Columbia	50.00%	Office	18-Sep-02	8,611	11,055	31-Dec-21	37,595	100.00%	—	405
7200 Market Crossing Burnaby, British Columbia	50.00%	Retail	23-Oct-17	87,329	83,050	31-Dec-21	133,461	98.71%	—	3,267
14815 - 108th Avenue Surrey, British Columbia	69.93%	Retail	1-Jun-06	22,622	12,433	31-Dec-21	71,283	100.00%	—	398
3200 Island Highway Nanaimo, British Columbia	52.45%	Retail	1-Jun-06	56,205	56,643	31-Dec-21	201,499	94.83%	(33,023)	1,775
2401 Millstream Road Victoria, British Columbia	70.00%	Retail	2-Aug-07	74,082	60,130	31-Dec-21	184,477	92.84%	—	2,511
7488 King George Highway Surrey, British Columbia	70.00%	Retail	16-Apr-08	31,372	39,970	31-Dec-21	101,235	95.56%	—	1,955
1500 & 1575 Banks Road Kelowna, British Columbia	70.00%	Retail	3-Nov-08	36,392	38,780	31-Dec-21	105,468	90.67%	—	1,689
2130 Louie Drive West Kelowna, British Columbia	100.00%	Retail	15-Mar-17	64,647	50,400	31-Dec-21	256,821	90.54%	—	2,235
753 Seymour Street * Vancouver, British Columbia	25.00%	PUD	12-Dec-01	56,213	70,706	31-Dec-21	n/a	n/a	—	(96)

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Alberta										
4637 Macleod Trail S.W. Calgary, Alberta	100.00%	Residential	1-Nov-96	20,709	38,900	31-Dec-21	172,838	98.47%	(12,028)	1,299
300 - 5th Avenue S.E. * Calgary, Alberta	55.00%	Office	17-Dec-96	32,875	12,870	31-Dec-21	222,541	45.55%	—	349
11012 Jasper Avenue Edmonton, Alberta	100.00%	Residential	30-Jun-97	28,141	46,900	31-Dec-21	182,798	78.48%	(29,883)	1,066
10145 - 121st Street Edmonton, Alberta	100.00%	Residential	18-Apr-98	14,100	25,200	31-Dec-21	101,533	87.34%	—	701
605 - 5th Avenue S.W. * Calgary, Alberta	25.00%	Office	12-Jun-00	30,663	16,600	31-Dec-21	124,736	49.48%	—	380
530 - 8th Avenue S.W. Calgary, Alberta	75.00%	Office	10-Jul-00	88,225	63,900	31-Dec-21	306,431	76.30%	—	4,482
1300 - 8th Street SW Calgary, Alberta	100.00%	Office	23-Nov-18	6,314	4,300	31-Dec-21	35,188	22.04%	—	(186)
300 and 350 7th Avenue S.W. * Calgary, Alberta	37.50%	Office	23-Sep-05	83,141	25,988	31-Dec-21	191,455	75.68%	—	2,453
9940 - 106th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	21,242	22,657	31-Dec-21	118,995	94.23%	—	2,299
9942 - 108th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	18,364	18,252	31-Dec-21	109,541	100.00%	—	1,717
6703 - 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	15-Aug-07	59,034	50,470	31-Dec-21	394,762	81.99%	—	2,730
5103 - 36th Street N.W. and portion of 3604 - 51st Avenue NW Edmonton, Alberta	50.00%	Land	28-Feb-03	3,477	5,450	31-Dec-21	n/a	n/a	—	(99)
4035 - 53rd Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	14,014	11,300	31-Dec-21	94,835	56.73%	—	248

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Alberta (continued)										
3603 - 53rd Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	2,225	3,350	31-Dec-21	n/a	n/a	—	(58)
3604 - 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	5,342	6,450	31-Dec-21	39,004	100.00%	—	346
3806 - 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	4,929	5,400	31-Dec-21	35,987	83.34%	—	5
401 - 9th Avenue S.W. * Calgary, Alberta	35.00%	Office	13-Dec-07	154,370	68,810	31-Dec-21	375,943	83.60%	—	7,900
7103 - 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	4-May-12	53,461	41,300	31-Dec-21	264,189	92.58%	—	2,587
6301, 6315, 6325 - 106th Avenue S.E. Calgary, Alberta	70.00%	Industrial	17-Dec-14	98,795	120,680	31-Dec-21	745,500	100.00%	(68,525)	6,367
35, 65 & 69 Mackenzie Way S.W. Airdrie, Alberta	100.00%	Retail	1-Mar-17	22,884	18,000	31-Dec-21	71,152	100.00%	—	1,045
124 - 8th Street S.W. Airdrie, Alberta	100.00%	Land	1-Mar-17	2,409	1,850	31-Dec-21	n/a	n/a	—	(47)
1216 - 8th Street S.W. Calgary, Alberta	100.00%	Retail	23-Feb-18	12,559	9,400	31-Dec-21	8,224	—%	—	(139)
McLellan development land Balzac, Alberta	100.00%	Land	20-Dec-21	23,600	23,600	31-Dec-21	n/a	n/a	—	—
Saskatchewan										
225 Betts Avenue Saskatoon, Saskatchewan	70.00%	Retail	24-Jul-12	60,543	46,830	31-Dec-21	177,178	100.00%	—	2,989
Manitoba										
200 Graham Avenue Winnipeg, Manitoba	100.00%	Office	22-Dec-15	55,173	35,000	31-Dec-21	147,588	79.60%	—	1,613

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario										
185 Enfield Place Mississauga, Ontario	40.00%	Land	13-Jul-87	14,644	16,190	31-Dec-21	n/a	n/a	—	14
2160 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	37,674	73,600	31-Dec-21	162,476	96.25%	—	2,289
50 Prince Arthur Avenue Toronto, Ontario	100.00%	Residential	15-Jul-97	45,230	115,400	31-Dec-21	165,620	99.33%	(18,717)	3,578
255 Albert Street Ottawa, Ontario	100.00%	Office	16-Jan-98	32,311	61,700	31-Dec-21	208,429	97.89%	—	3,093
6 Silver Maple Court Brampton, Ontario	100.00%	Residential	30-Apr-98	45,812	108,100	31-Dec-21	314,085	91.15%	(18,368)	3,098
1551 Lycee Place Ottawa, Ontario	100.00%	Residential	9-Apr-99	32,369	65,000	31-Dec-21	191,130	95.74%	(18,486)	2,101
5140 Yonge Street Toronto, Ontario	100.00%	Office	30-Aug-99	101,635	157,200	31-Dec-21	556,528	62.98%	(106,655)	12,673
400 Walmer Road ⁽¹⁾ Toronto, Ontario	65.00%	Residential	27-Dec-00	152,623	145,661	31-Dec-21	358,348	94.33%	(674)	4,651
200 University Avenue Toronto, Ontario	50.00%	Office	30-Nov-00	17,436	34,750	31-Dec-21	73,200	80.59%	—	947
5166 - 5170 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	42,586	88,400	31-Dec-21	212,494	95.57%	(33,909)	2,693
2220 Marine Drive Oakville, Ontario	50.00%	Residential	26-Aug-02	14,685	32,700	31-Dec-21	74,163	93.29%	(8,300)	1,030
269 Laurier Avenue West Ottawa, Ontario	50.00%	Office	1-Jan-03	39,360	86,500	31-Dec-21	179,942	98.89%	(38,122)	3,962

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(in Canadian \$ thousands, except net rentable area (N.R.A.))

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As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
88 Redpath Avenue & 65 Lillian Street Toronto, Ontario	100.00%	Residential	5-Aug-98	68,215	143,900	31-Dec-21	207,631	96.33%	(42,630)	4,075
40 High Park Avenue and 77 Quebec Avenue Toronto, Ontario	75.00%	Residential	25-Mar-03	93,296	175,725	31-Dec-21	313,033	92.87%	(32,989)	4,213
640, 642, 644 Sheppard Avenue East Toronto, Ontario	75.00%	Residential	25-Mar-03	58,320	129,825	31-Dec-21	264,722	95.55%	(50,644)	3,511
2260 Argentia Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	16,148	34,900	31-Dec-21	130,124	100.00%	—	876
6665, 6675 - 6685 Millcreek Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	12,688	36,000	31-Dec-21	119,765	100.00%	—	793
6695 & 6705 Millcreek Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	13,337	31,500	31-Dec-21	109,801	78.95%	—	831
6715 & 6725 Millcreek Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	11,674	28,000	31-Dec-21	94,796	84.61%	—	724
33 Yonge Street Toronto, Ontario	50.00%	Office	1-Jul-03	84,606	173,150	31-Dec-21	262,383	93.63%	(103,559)	5,242
2250 Argentia Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	3,053	8,200	31-Dec-21	31,910	100.00%	—	278
7070 Mississauga Road * Mississauga, Ontario	25.00%	Office	7-Aug-03	11,788	18,250	31-Dec-21	61,032	100.00%	—	912
55 - 425 Superior Boulevard Mississauga, Ontario	35.00%	Industrial	11-Oct-01	21,439	69,195	31-Dec-21	271,924	97.86%	(20,547)	2,154
50 High Park Avenue and 55 Quebec Avenue Toronto, Ontario	75.00%	PUD	25-Mar-03	166,446	217,169	31-Dec-21	n/a	n/a	—	2,456

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
1 - 2, 4 - 5 & 7 Paget, 2, 4, 6, 8 & 14 Kenview, 2 Castlevue and 7925 & 7965 Goreway Drive Brampton, Ontario	35.00%	Industrial	11-Oct-01	33,270	110,425	31-Dec-21	379,946	100.00%	(34,950)	3,318
3485 Steeles Avenue East Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,254	19,635	31-Dec-21	61,345	100.00%	(5,864)	604
3495 Steeles Avenue East Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,941	18,375	31-Dec-21	56,121	100.00%	(6,479)	576
2679 - 2831 Bristol Circle Oakville, Ontario	35.00%	Industrial	11-Oct-01	18,695	68,460	31-Dec-21	230,980	100.00%	(16,215)	1,664
3755, 3800 A & B Laird Road and 3500 & 3600 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	21-Dec-16	64,154	102,130	31-Dec-21	351,962	100.00%	—	3,215
361 - 375 Mountainview Road South Georgetown, Ontario	100.00%	Retail	20-Dec-19	43,561	39,300	31-Dec-21	111,746	99.01%	—	2,482
1541 Lycee Place Ottawa, Ontario	50.00%	Residential	7-Aug-02	20,331	35,600	31-Dec-21	122,109	96.45%	(7,879)	1,163
1 Van Der Graaf Court Brampton, Ontario	50.00%	Industrial	16-Feb-04	4,093	14,100	31-Dec-21	51,103	100.00%	—	169
1 Woodslea Road Brampton, Ontario	50.00%	Industrial	16-Feb-04	5,427	18,150	31-Dec-21	55,074	100.00%	—	375
5 Intermodal Drive Brampton, Ontario	50.00%	Industrial	28-May-04	3,390	13,050	31-Dec-21	43,554	100.00%	—	288
2844 Bristol Circle Oakville, Ontario	35.00%	Industrial	31-Jan-05	3,732	13,195	31-Dec-21	47,015	100.00%	(3,321)	278
7030 Century Avenue Mississauga, Ontario	100.00%	Other	18-Feb-05	8,414	12,100	31-Dec-21	67,953	100.00%	—	484
415 - 419 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	4,798	22,800	31-Dec-21	95,763	100.00%	—	768

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
445 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,839	11,000	31-Dec-21	42,165	100.00%	—	393
455 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,674	11,900	31-Dec-21	46,344	100.00%	—	314
465 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	3,448	15,300	31-Dec-21	57,127	100.00%	—	522
50 - 70 Novopharm Court Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,526	9,900	31-Dec-21	41,887	100.00%	—	248
20 - 24 York Street ⁽¹⁾ Ottawa, Ontario	50.00%	Residential	27-Sep-05	21,004	29,214	31-Dec-21	47,327	94.17%	(13,954)	624
1 Adelaide Street East, 20 Victoria Street & 85 Yonge Street * Toronto, Ontario	35.00%	Office	27-Feb-19	173,622	138,250	31-Dec-21	228,730	91.77%	(86,226)	6,730
35, 41 - 63, 65, and 95 High Park Avenue, 66 & 102 - 116 Pacific Avenue Toronto, Ontario	50.00%	Residential	1-Mar-99	91,415	221,230	31-Dec-21	349,639	89.17%	(99,732)	5,089
One City Centre Drive Mississauga, Ontario	40.00%	Office	17-Aug-07	40,759	32,920	31-Dec-21	116,554	65.06%	—	1,382
One City Centre Drive Mississauga, Ontario	40.00%	Land	17-Aug-07	3,838	9,160	31-Dec-21	n/a	n/a	—	1
320 McRae Avenue Ottawa, Ontario	100.00%	Land	9-Jan-19	40,791	34,174	31-Dec-21	n/a	n/a	—	(5)
8400 - 8450 Lawson Road Burlington, Ontario	70.00%	Industrial	21-Dec-07	19,965	47,110	31-Dec-21	165,190	100.00%	—	1,268
800 - 900 Main Street East Milton, Ontario	70.00%	Retail	14-Mar-08	28,399	29,680	31-Dec-21	68,025	100.00%	—	1,922
2100 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	16,867	14,550	31-Dec-21	53,469	100.00%	—	809

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(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
2050 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	17,075	18,300	31-Dec-21	62,582	100.00%	—	802
7025 Langer Drive Mississauga, Ontario	50.00%	Office	22-Sep-06	9,751	8,300	31-Dec-21	32,238	100.00%	—	413
Abbotside Way Lands Caledon, Ontario	100.00%	Land	4-Nov-20	9,374	8,469	31-Dec-21	n/a	n/a	—	(80)
415 Thompson Drive Cambridge, Ontario	100.00%	Industrial	8-Feb-08	14,848	25,000	31-Dec-21	140,000	100.00%	(4,282)	1,067
4 King Street West Toronto, Ontario	70.00%	Office	14-Mar-08	73,732	107,380	31-Dec-21	204,448	97.29%	(22,049)	4,119
155 University Avenue Toronto, Ontario	70.00%	Office	14-Mar-08	44,232	66,430	31-Dec-21	131,624	76.11%	—	2,047
145 - 167 Bell Boulevard Belleville, Ontario	70.00%	Retail	4-Jan-07	11,087	8,680	31-Dec-21	46,786	82.20%	—	491
5150 - 5160 Yonge Street Toronto, Ontario	70.00%	Office	17-Oct-08	165,580	159,460	31-Dec-21	503,493	75.19%	—	1,409
350 - 360 Cresthaven Drive Ottawa, Ontario	100.00%	Retail	1-Aug-18	20,600	19,400	31-Dec-21	48,387	100.00%	(11,982)	1,074
2310 - 2330 Highway 2 Bowmanville, Ontario	70.00%	Retail	24-Jul-12	47,341	37,240	31-Dec-21	164,023	100.00%	—	2,688
200 Kent Street Ottawa, Ontario	100.00%	Office	8-Aug-12	150,258	151,700	31-Dec-21	387,286	100.00%	(76,657)	7,526
3130, 3470, 3480, 3490, 3500, 3505, 3520, 3530, 3535, 3550, 3580, 3585, 3600 A & B, 3615 and 3620 A & B Laird Road Mississauga, Ontario	70.00%	Industrial	15-Oct-13	98,338	256,970	31-Dec-21	797,357	93.88%	—	7,070
3200, 3250, 3300, 3330 and 3350 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	15-Oct-13	40,339	93,590	31-Dec-21	312,489	97.85%	—	3,174

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(in Canadian \$ thousands, except net rentable area (N.R.A.))

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Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Ontario (continued)										
8350 Lawson Road Burlington, Ontario	100.00%	Industrial	26-May-21	92,457	91,900	31-Dec-21	321,028	100.00%	—	1,386
185 Enfield Place Phase II Mississauga, Ontario	40.00%	Land	13-Jul-87	855	2,011	31-Dec-21	n/a	n/a	—	—
Quebec										
4600 Poirer Boulevard St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,164	16,800	31-Dec-21	104,560	100.00%	—	440
9415 - 9495 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	5,090	13,400	31-Dec-21	88,951	99.96%	—	508
9305 - 9405 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,914	16,900	31-Dec-21	113,256	100.00%	—	589
6520 - 6620 Abrams Street St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	11,380	29,200	31-Dec-21	189,889	99.98%	—	991
2200 Trans-Canada Highway Pointe - Claire, Quebec	100.00%	Industrial	14-Mar-02	20,932	67,600	31-Dec-21	411,265	100.00%	—	2,559
43 - 55 Cite Des Jeunes Boulevard Vaudreuil-Dorion, Quebec	70.00%	Retail	21-Jul-06	20,199	21,280	31-Dec-21	91,852	100.00%	—	1,412
224 Joseph-Casavant Avenue Beauport, Quebec	70.00%	Retail	11-Jun-08	15,371	14,490	31-Dec-21	121,990	100.00%	—	976
819 - 847 Rue Clemenceau Beauport, Quebec	70.00%	Retail	31-Jan-14	33,850	29,400	31-Dec-21	129,240	96.74%	—	1,489
1350 Rene Levesque Boulevard * Montreal, Quebec	35.00%	Office	14-Dec-16	93,066	101,990	31-Dec-21	186,714	98.65%	(49,357)	4,197
1360 Rene Levesque Boulevard * Montreal, Quebec	35.00%	Office	14-Dec-16	54,918	74,060	31-Dec-21	138,851	86.77	(30,251)	2,137

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Quebec (continued)										
1025 Lucien L'Allier * Montreal, Quebec	35.00%	Other	14-Dec-16	1,925	3,535	31-Dec-21	n/a	n/a	—	(20)
5999 Monkland Avenue Montreal, Quebec	100.00%	Residential	26-May-17	51,023	53,000	31-Dec-21	137,664	78.79%	(27,029)	1,064
4075 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	6,555	9,500	31-Dec-21	50,712	100.00%	—	312
5555 rue William-Price Laval, Quebec	100.00%	Industrial	2-Aug-18	9,675	13,600	31-Dec-21	75,000	100.00%	—	437
4101 - 4117 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	7,030	9,300	31-Dec-21	54,236	100.00%	—	369
4133 - 4137 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	8,397	12,700	31-Dec-21	61,483	100.00%	—	396
4177 - 4201 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	19,015	25,500	31-Dec-21	150,817	100.00%	—	903
Atlantic										
1959 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	14-Jun-83	23,916	26,064	31-Dec-21	109,009	61.53%	—	809
1969 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	31-Dec-93	20,742	30,264	31-Dec-21	122,627	63.47%	—	800
United States										
396 West Greens Road Houston, Texas	70.00%	Office	21-Jun-06	29,474	5,466	31-Dec-21	132,911	9.21%	—	(1,413)
8101 Sam Houston Parkway Houston, Texas	70.00%	Office	21-Jun-06	20,372	9,856	31-Dec-21	95,759	100.00%	—	959

Canadian Real Estate Investment Fund No. 1

(in Canadian \$ thousands, except net rentable area (N.R.A.))

Schedule of Investment Portfolio

As at December 31, 2021

Investment Properties

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	TOTAL COST	FAIR VALUE	DATE OF LAST APPRAISAL	N.R.A. (S.F.)	PERCENT LEASED	MORTGAGES ON INVESTMENT PROPERTIES	2021 NOI
Current and prior year(s) sold property										1,805
Investment Properties - subtotal				4,498,942	6,154,819		18,243,201		(1,140,036)	217,554
Less: lease liabilities				(78,798)	(75,857)					
Less: mortgages on investment properties				(1,119,190)	(1,140,036)					
Capitalization of loss on assumed mortgages				(4,949)	—					
Total Investment Properties - net				<u>3,296,005</u>	<u>4,938,926</u>					
Total Bonds				<u>160,034</u>	<u>156,420</u>					
Total Investments - net				<u>3,456,039</u>	<u>5,095,346</u>					

* Represents interest in a joint operation

⁽¹⁾ The investment properties presented below are subject to land leases where the Fund is the lessee and has recognized a right-of-use asset within investment properties and a lease liability. For further information refer to note 2 in the notes to the financial statements.

BUILDING NAME AND ADDRESS	PERCENT OF OWNERSHIP	PROPERTY TYPE	DATE OF PURCHASE	LEASE LIABILITIES
650 West Georgia Street Vancouver, British Columbia	25.00%	Office	12-Dec-01	(587)
400 Walmer Road Toronto, Ontario	65.00%	Residential	27-Dec-00	(72,406)
20 - 24 York Street Ottawa, Ontario	50.00%	Residential	27-Sep-05	(2,864)
TOTAL				<u>(75,857)</u>

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Real Estate Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

As investments in real property are not actively traded, the Fund is exposed to liquidity risk due to the redemption of redeemable units by contractholders. To a lesser extent, mortgage liabilities also expose the Fund to liquidity risk. To manage liquidity, the Fund has the ability to incur additional mortgage indebtedness as long as the total borrowings do not exceed 35% of the total asset value of the Fund and provided the value of each mortgage assumed is not greater than 75% of the related property's value.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a Fund to sell such securities quickly.

There is no formal market for trading in real property and very few records are available to the public which give terms and conditions of real property transactions. It may take time to sell investment properties at a reasonable price. This could limit the Fund's ability to respond quickly to changes in economic or investment conditions. It could also affect the Fund's ability to pay contractholders who want to redeem their units. The Fund will maintain a sufficient balance of cash to satisfy regulatory requirements and be able to facilitate normal redemption requests in a timely manner.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity position on a regular basis.

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

B. Liquidity Risk (continued)

As at December 31, 2021, the approximate principal payments due on mortgages for the next five years ended and thereafter are as follows:

Year ended	Principal payments due
December 31, 2022	\$ 80,944
December 31, 2023	97,710
December 31, 2024	91,419
December 31, 2025	112,896
December 31, 2026	214,305
Thereafter	521,916
	1,119,190
Fair value adjustment	20,846
Total	\$ 1,140,036

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 15,322	\$ 82	\$ 15,404	\$ 154
Total	\$ 15,322	\$ 82	\$ 15,404	\$ 154
As Percent of Net Assets Attributable to Contractholders			0.3%	

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 15,388	\$ 10,444	\$ 25,832	\$ 258
Total	\$ 15,388	\$ 10,444	\$ 25,832	\$ 258
As Percent of Net Assets Attributable to Contractholders			0.5%	

*Includes both monetary and non-monetary instruments

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds and mortgages on investment properties. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 35,555	\$ 120,865	\$ —	\$ —	\$	156,420
2020						
	1 year or less	Over 1 year to 5 years *	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 123,994	\$ 376,162	\$ —	\$ —	\$	500,156

* Includes bonds of a related company with a fair value of \$41,535 (note 9).

As at December 31, 2021, for bonds, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$2,113 (\$8,160 at December 31, 2020) or approximately 0.04% (0.16% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

As at December 31, 2021, for mortgages on investment properties, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$50,312 (\$46,660 at December 31, 2020) and approximately 0.95% (0.90% at December 31, 2020) of net asset value. In practice, the actual results may differ and the difference could be significant.

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

The Fund is also exposed to credit risk from outside parties, lease receivables and tenants. The fair value of investment properties considers the creditworthiness of these items, which had a negligible effect on fair value during 2021 and 2020 respectively. Credit risk arises from the possibility that tenants may be unable to fulfill their commitments defined in their lease agreements. The majority of the Fund's leases in place are referred to as net leases, which means that tenants pay the landlord base rent as well as reimburse the landlord for their share of operating costs and realty taxes. Most of the property operating costs and realty tax expenses are of a fixed nature, although there is a variable element as it relates to certain costs. Management mitigates credit risk by ensuring that the Fund's tenant mix is diversified and by limiting the Fund's exposure to any one tenant. The Fund also maintains a portfolio that is diversified by property type so that exposure to business sectors is reduced.

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

The change in fair values of financial liabilities as a result of the impact of changes in credit risks was not significant during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	46.9	1.4	40.1	3.9
AA	53.1	1.6	51.6	5.0
NR *	—	—	8.3	0.8
Total	100.0	3.0	100.0	9.7

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Fair Value Classification

The following table presents information about the Fund's financial assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 156,420	\$ —	\$ 156,420
Investment properties	—	—	6,154,819	6,154,819
Total assets measured at fair value	\$ —	\$ 156,420	\$ 6,154,819	\$ 6,311,239
Liabilities measured at fair value				
Mortgages on investment properties	\$ —	\$ 1,140,036	\$ —	\$ 1,140,036
Net assets attributable to contractholders measured at fair value	\$ —	\$ (983,616)	\$ 6,154,819	\$ 5,171,203

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Fair Value Classification (continued)

	2020			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Bonds	\$ —	\$ 458,621	\$ 41,535	\$ 500,156
Investment properties	—	—	5,610,690	5,610,690
Total assets measured at fair value	\$ —	\$ 458,621	\$ 5,652,225	\$ 6,110,846
<u>Liabilities measured at fair value</u>				
Mortgages on investment properties	\$ —	\$ 1,123,685	\$ —	\$ 1,123,685
Net assets attributable to contractholders measured at fair value	\$ —	\$ (665,064)	\$ 5,652,225	\$ 4,987,161

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds	Investment properties	Bonds	Investment properties
Balance, beginning of year	\$ 41,535	\$ 5,610,690	\$ 43,095	\$ 5,937,347
Total gain (loss) included in net assets from operations attributable to contractholders	(15,799)	360,232	(1,560)	(19,857)
Purchases	—	240,601	—	104,720
Sales	(25,736)	(56,704)	—	(411,520)
Settlements	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Balance, end of year	\$ —	\$ 6,154,819	\$ 41,535	\$ 5,610,690
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 345,689	\$ (1,560)	\$ (69,844)

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Carrying Value of Investment Properties

The carrying value of investment properties and changes in the carrying value of investment properties are as follows:

	2021		2020	
Balance, beginning of year	\$	5,610,690	\$	5,937,347
Additions		240,601		104,720
Change in fair value through profit or loss		359,818		(18,406)
Disposals		(56,704)		(411,520)
Foreign exchange rate changes		414		(1,451)
Balance, end of year	\$	6,154,819	\$	5,610,690

H. Significant Unobservable Inputs

Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (including future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.

The following sets out information about significant unobservable inputs used at year end in measuring assets categorized as Level 3 in the fair value hierarchy:

Inter-relationship between key unobservable inputs and fair value measurements							
Property Type	Discount Rate ⁽¹⁾			Reversionary Rate ⁽²⁾			Vacancy Rate ⁽³⁾
	Min	Max	Weighted Average	Min	Max	Weighted Average	Weighted Average
Office	5.3%	10.5%	6.3%	4.3%	8.5%	5.4%	19.7%
Industrial	5.3%	7.0%	5.5%	4.5%	6.0%	5.0%	3.4%
Retail	5.3%	8.5%	6.6%	4.5%	7.5%	5.8%	4.1%
Commercial	5.0%	10.5%	6.0%	4.3%	8.5%	5.3%	9.8%
Residential ⁽⁴⁾	3.3%	4.5%	3.5%	n/a	n/a	n/a	7.3%
Total	3.3%	10.5%	5.4%	4.3%	8.5%	5.3%	9.4%

(1) A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

(2) The reversionary rate is the rate used to estimate the resale value of a property at the end of the holding period. A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.

Reversionary rates are not applicable to the residential assets as their valuation methodology is based on capitalization of the stabilized year one income.

(3) A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.

(4) The discount rates disclosed for the residential assets represents the overall capitalization rate applied to the stabilized income of the asset.

Canadian Real Estate Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

I. Pledged Assets

The Fund has investment properties which have been pledged as collateral to cover mortgages on investment properties. In circumstances where the Fund defaults, the counterparty is permitted to take the collateral and apply it against these liabilities. When the liabilities have been settled by the Fund, the pledged assets will be returned to the Fund. As at December 31, 2021, the Fund has pledged \$2,970,343 (\$2,349,340 at December 31, 2020).

J. Commitments

As at December 31, 2021, the Fund has contractual obligations of \$232,850 (\$100,050 at December 31, 2020) to purchase, construct or develop investment properties for repairs, maintenance and enhancements.

Canadian Real Estate Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units, as described in note 5 and company held investment units, as described in note 9 e), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	988,655	1,062,936	1,056,204	1,124,579	1,151,246	2,830,214	2,728,094	2,644,441	2,580,844	2,468,782
Investment Only (AI)	787,844	650,108	632,672	460,302	406,034	543,699	417,547	411,740	286,255	246,267
Investment Only (AC/AL)	2,880,030	2,776,761	2,805,374	2,639,342	2,466,452	1,109,804	959,022	944,883	814,577	711,074
Individual No-Load (IA)	501,881	677,507	728,643	785,466	914,595	189,347	235,981	254,946	259,397	290,449
Individual Back-End Load (IB)	273,772	398,616	427,484	502,889	579,320	108,321	145,603	156,859	174,158	193,060
Managed Money (IC)	39,396	48,463	49,425	54,954	60,565	32,681	36,643	37,061	38,397	40,188
75/75 guarantee policy	4,956,258	6,778,091	7,150,974	5,931,054	5,058,972	93,072	117,514	124,544	97,508	80,044
75/100 guarantee policy	2,045,891	3,384,919	3,616,139	3,336,827	3,025,245	37,873	57,900	62,196	54,225	47,360
100/100 guarantee policy	187,895	316,057	303,351	231,193	224,952	3,280	5,120	4,962	3,589	3,379
PS1 75/75 guarantee policy	4,441,677	6,154,902	6,406,423	5,274,752	4,904,039	72,194	91,954	95,719	74,061	65,968
PS1 75/100 guarantee policy	1,979,222	2,904,070	2,982,152	2,633,732	2,245,141	31,677	42,787	44,011	36,583	29,926
PS1 100/100 guarantee policy	129,092	207,325	197,076	172,293	173,472	1,995	2,960	2,829	2,336	2,266
PS2 75/75 guarantee policy	3,185,654	4,552,734	5,029,714	5,054,929	4,904,635	66,014	84,558	91,101	83,896	76,040
PS2 75/100 guarantee policy	1,105,784	1,582,463	1,633,460	1,525,943	1,409,338	22,914	29,391	29,586	25,326	21,850
PS2 100/100 guarantee policy	20,710	43,020	49,312	24,387	31,128	429	799	893	405	483
PS 75/75 guarantee policy	845,925	1,652,581	1,674,244	543,251	—	10,238	18,266	18,391	5,574	—
PS 75/100 guarantee policy	202,311	283,850	284,880	87,501	—	2,438	3,127	3,122	896	—
PPS 75/75 guarantee policy	1,526,475	2,884,905	2,854,981	984,067	—	18,752	32,221	31,550	10,111	—
PPS 75/100 guarantee policy	40,999	48,233	49,583	—	—	501	536	546	—	—

Canadian Real Estate Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units, as described in note 5 and company held investment units, as described in note 9 e), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders Per Unit (note 8)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	2,862.69	2,566.57	2,503.72	2,294.94	2,144.44	296.12	62.85
Investment Only (AI)	690.11	642.27	650.80	621.88	606.52	47.84	(8.53)
Investment Only (AC/AL)	385.34	345.37	336.81	308.63	288.30	39.97	8.56
Individual No-Load (IA)	377.27	348.31	349.89	330.25	317.57	28.96	(1.58)
Individual Back-End Load (IB)	395.66	365.27	366.93	346.32	333.25	30.39	(1.66)
Managed Money (IC)	829.55	756.10	749.85	698.72	663.56	73.45	6.25
75/75 guarantee policy	18.78	17.34	17.42	16.44	15.82	1.44	(0.08)
75/100 guarantee policy	18.51	17.11	17.20	16.25	15.65	1.40	(0.09)
100/100 guarantee policy	17.46	16.20	16.36	15.52	15.02	1.26	(0.16)
PS1 75/75 guarantee policy	16.25	14.94	14.94	14.04	13.45	1.31	—
PS1 75/100 guarantee policy	16.00	14.73	14.76	13.89	13.33	1.27	(0.03)
PS1 100/100 guarantee policy	15.45	14.28	14.35	13.56	13.06	1.17	(0.07)
PS2 75/75 guarantee policy	20.72	18.57	18.11	16.60	15.50	2.15	0.46
PS2 75/100 guarantee policy	20.72	18.57	18.11	16.60	15.50	2.15	0.46
PS2 100/100 guarantee policy	20.72	18.57	18.11	16.60	15.50	2.15	0.46
PS 75/75 guarantee policy	12.10	11.05	10.98	10.26	—	1.05	0.07
PS 75/100 guarantee policy	12.05	11.02	10.96	10.25	—	1.03	0.06
PPS 75/75 guarantee policy	12.28	11.17	11.05	10.27	—	1.11	0.12
PPS 75/100 guarantee policy	12.21	11.12	11.02	—	—	1.09	0.10

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments*, IFRS 7, *Financial Instruments: Disclosures*, and IFRS 16, *Leases*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments and investment properties is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

The Fund participates in joint operations that allow the Fund to hold investment properties jointly with another party with the objective to generate rental income recorded in investment properties income and/or capital appreciation on the investment properties recorded in gain (loss) on investments. Joint control has been determined in accordance with the terms in the joint agreement, whereby decisions about the relevant activities, that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control. The joint arrangements were classified as joint operations as the arrangements assign both parties the right to the assets and revenues, as well as the obligation for the liabilities and expenses. Most investment properties are owned jointly by related parties or related party segregated funds.

In the normal course of business the Fund regularly buys and sells investment properties. The Fund has concluded that the purchase and sale of these investment properties does not meet the conditions required to classify these transactions as business acquisitions; therefore all properties the Fund acquires to date are asset acquisitions.

The Fund has entered into commercial and residential property leases on its investment properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The onset of the COVID-19 pandemic created unprecedented global challenges, affecting all asset classes, including real estate. The Appraisal Institute of Canada recommended that appraisers exercise a high degree of caution with appraisals and include limiting conditions on their opinions, thus impairing the reliability and usefulness of their valuations to the Fund. On March 20, 2020, the Company determined there was material valuation uncertainty related to the Fund's properties and temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, the Fund.

On June 26, 2020, the Company resumed the valuation of the properties of the Fund as conditions improved, providing better visibility of the impact of COVID-19 on the cash flow of the properties. While conditions improved, the real estate investment market experienced a substantial decline in transaction volumes that would otherwise provide meaningful empirical evidence to support property valuations. As a result, appraisal valuations remained qualified by material valuation uncertainty provisions, limiting the Company's confidence in the valuation of the properties of the Fund. Market conditions continued to improve during the second half of 2020, with independent material valuation uncertainty disclosures being selectively removed across various asset classes.

On January 11, 2021, the Company lifted the temporary suspension on contributions to and transfers into the Fund, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of the Fund's assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1 – determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2 – determined using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – determined using inputs that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values for assets and liabilities are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Level 3 assets and liabilities are reviewed on a periodic basis by the Fund Manager. The Fund Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Fund Manager estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than one year at acquisition. A reconciliation is included in the Statement of Cash Flows for the Fund for cash and short-term deposits maturing in less than 90 days and those maturing in more than 90 days but less than a year. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Investment Properties

Investment properties comprise of completed real estate property and property under development (PUD) held to earn rental income (which is recorded in the Statement of Comprehensive Income as investment properties income) or for capital appreciation or both. The cost of investment properties is acquisition cost plus the cost of capital improvements. Included within investment properties are right-of-use assets recognized for land leases. Acquisition costs include land transfer taxes and professional fees for legal services. Initial direct and incremental costs incurred in negotiating an operating lease on investment properties are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease. Properties under development include interest on both specific and general debt, property taxes and general and administrative expenses incurred directly in connection with the acquisition and development of properties.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties of the Fund are appraised annually, at a minimum, by qualified external investment properties appraisers. When the Fund determines that the fair value of investment properties under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it measures the investment properties under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier); thereafter, they are recorded at their most recent external or internal appraised value. Fund management may adjust individual property values periodically due to changing market conditions.

Right-of-use assets are initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration costs, less any lease incentive received. The Fund applies a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Subsequent to initial recognition, investment properties are measured at fair value. Fair values for investment properties are determined using independent qualified appraisal services and include management adjustments for material changes in property cash flows, capital expenditures or general market conditions in the interim period between appraisals. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the period in which they arise.

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the Statement of Comprehensive Income in the year of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset.

Additional details on investment properties are included in the notes to the Schedule of Investment Portfolio.

Where the Fund is involved in joint operations, it recognizes its rights to the assets and revenue and obligations for the liabilities and expenses of the joint operation in accordance with the Fund's accounting policies.

For investment properties, the capitalization rate (cap rate) is a measure of a property's value to its income and is a key metric in the valuations prepared by investment properties appraisers. Cap rates are influenced by factors in the overall investment properties market in Canada, which is in turn influenced by supply and demand factors as well as the domestic economy.

Investment properties are subject to a degree of risk. They are affected by various factors including changes in both general and local market conditions, credit markets, competition in the environment, stability and creditworthiness of tenants, and various other factors.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization of lease inducements represents initial direct costs incurred in negotiating and arranging operating leases and are amortized over the lease term on the same basis as the lease income. Initial direct leasing costs are amortized and charged to property operating expenses on a straight-line basis over the term of the related lease period. Payments to tenants that are enhancements to the property are referred to as tenant improvements. All other payments to tenants are referred to as tenant inducements. Both tenant improvements and tenant inducements are amortized on a straight-line basis over the term of the related lease period as a reduction of property rental income.

g) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Fund shall use its incremental borrowing rate. Generally, the Fund uses its incremental borrowing rate as its discount rate. Lease liabilities are measured at amortized cost using the effective interest method. Interest expense on lease liabilities is included within investment properties expenses.

The Fund applies a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

h) Mortgages on Investment Properties

Mortgages on investment properties are recorded at fair value. Fair value of mortgages have been determined using discounted future payments of principal and interest of the actual outstanding mortgages, discounted at the current market interest rates available to the Fund.

i) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

j) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Net gains (losses) from change in fair value on investment properties - include fair value adjustments arising from external appraisals, valuation adjustment by management and gains (losses) on sale of investment properties.

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Investment properties income

The Fund is the lessor of operating leases on investment properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease. Investment properties income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term in the Statement of Comprehensive Income, except for contingent rental income which is recognized as rental income in the period in which it is earned. Initial direct costs incurred in negotiating and arranging operating leases are recognized as an expense over the lease term on the same basis as the lease income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

l) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

m) Amounts Due to/from Outside Parties

Due to/from outside parties mainly consists of net operating and commodity tax balances due to outside parties related to the ongoing operations of the Fund's real estate investments.

Amounts due to/from outside parties are held at fair value which approximates their cost.

n) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

o) Income Allocation

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit with the exception of Category A units of specific clients. The net investment income of this category is allocated to the contractholders in the form of additional units.

p) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

Transaction costs, such as brokerage commissions, legal fees and land transfer tax incurred in the purchase and sale of investment properties by the Fund are added to the cost of the asset in the year.

r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. The Fund has not capitalized any borrowing costs in 2021 or 2020. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. LEASE LIABILITIES

The carrying value of lease liabilities and changes in the carrying value of lease liabilities are as follows:

	2021	2020
Carrying value, beginning of year	\$ 85,561	\$ 86,694
Disposals	(8,701)	—
Lease payments	(2,840)	(3,222)
Interest expense	1,837	2,089
Carrying value, end of year	\$ 75,857	\$ 85,561

As at December 31, 2021, the approximate payments due on lease liabilities for the next five years ended and thereafter are as follows:

Year ended	Lease payments due
December 31, 2022	\$ 2,820
December 31, 2023	2,820
December 31, 2024	2,823
December 31, 2025	2,831
December 31, 2026	2,831
Thereafter	108,025
Total undiscounted lease obligations as at December 31, 2021	\$ 122,150

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

4. MORTGAGES ON INVESTMENT PROPERTIES

As at December 31, 2021, mortgages on investment properties are comprised of term mortgages which bear contractual interest rates ranging from 0.77% to 5.83% (2.02% to 6.07% at December 31, 2020), and a weighted average contractual interest rate of 2.97% (3.28% at December 31, 2020). Mortgages are secured by the real property investment and an assignment of leases and amounts due from property rentals. The terms of the mortgages are subject to renegotiations from 2022 to 2031.

5. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

6. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

7. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

8. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
GWL Realty Advisors Inc.	Wholly-owned subsidiary of the Company	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
801611 Ontario Ltd.	Wholly-owned subsidiary of the Company	Canada
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

a) GWL Realty Advisors Inc. provides property and asset management services to the Fund in the normal course of business at market terms and conditions.

As at December 31, 2021, \$20,816 (\$22,485 at December 31, 2020) in fees were paid to GWL Realty Advisors Inc.

b) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.

c) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Canadian Real Estate Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. RELATED PARTY TRANSACTIONS (continued)

- d) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- e) At December 31, 2020, the Fund held bonds issued by 801611 Ontario Ltd. with a fair value of \$41,535. These bonds were disposed of on June 17, 2021.

Effective March 20, 2020, there was a suspension on contributions, transfers and redemptions of units of the Fund. Subsequent to this suspension, payments of certain redemptions and purchase transaction requests were arranged. In order to settle these post-suspension approved transaction requests, the general fund of the Company paid out or received the value of the notional units that were redeemed or purchased, and received or delivered the applicable notional units in return.

As at December 31, 2021, the Company held investments in the Fund with a value of \$254,819 (\$309,272 at December 31, 2020). The Canada Life Insurance Company of Canada, which is a wholly-owned subsidiary of the Company held investments in the Fund with a value of \$32,442 (\$29,086 at December 31, 2020).

- f) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

10. COMPARATIVE FIGURES

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Real Estate Investment Fund No. 1

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	3.07	3.06	3.06	3.08	3.29
Individual Back-End Load (IB)	3.07	3.06	3.07	3.07	3.06
Managed Money (IC)	1.74	1.73	1.74	1.74	1.85
75/75 guarantee policy	3.07	3.06	3.06	3.07	3.06
75/100 guarantee policy	3.17	3.16	3.16	3.17	3.16
100/100 guarantee policy	3.62	3.60	3.61	3.62	3.62
PS1 75/75 guarantee policy	2.61	2.60	2.60	2.61	2.59
PS1 75/100 guarantee policy	2.77	2.76	2.77	2.77	2.76
PS1 100/100 guarantee policy	3.16	3.15	3.15	3.16	3.15
PS 75/75 guarantee policy	1.96	1.95	1.95	1.95	—
PS 75/100 guarantee policy	2.06	2.05	2.05	2.05	—
PPS 75/75 guarantee policy	1.50	1.49	1.49	1.49	—
PPS 75/100 guarantee policy	1.66	1.66	1.66	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Bonds	0.03	1.31	5.90	3.65	5.17
Investment properties	1.16	2.54	0.08	0.62	0.48

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY INDEX FUND

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Index Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Index Fund

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 140	\$ 87
Investment income due and accrued	262	113
Due from The Canada Life Assurance Company (note 7)	—	18
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	102,153	44,619
Investment fund units	—	—
Total investments	102,153	44,619
Total assets	\$ 102,555	\$ 44,837
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	14	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	14	—
Net assets attributable to contractholders	\$ 102,541	\$ 44,837

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 18,830	\$ 2,549
Miscellaneous income (loss)	21	46
Total income	18,851	2,595
Expenses		
Management fees (note 7)	656	595
Transaction costs	30	30
Withholding taxes	—	—
Other	61	56
Total expenses	747	681
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 18,104	\$ 1,914
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 44,837	\$ 49,421
Contractholder deposits	50,296	2,591
Contractholder withdrawals	(10,696)	(9,089)
Increase (decrease) in net assets from operations attributable to contractholders	18,104	1,914
Change in net assets attributable to contractholders	57,704	(4,584)
Net assets attributable to contractholders - end of year	\$ 102,541	\$ 44,837

Canadian Equity Index Fund

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 18,104	\$ 1,914
Adjustments		
Realized (gains) losses	(1,839)	(2,632)
Unrealized (gains) losses	(14,511)	1,572
Gross proceeds of disposition of investments	15,461	21,803
Gross payments for the purchase of investments	(56,645)	(16,100)
Change in investment income due and accrued	(149)	5
Change in due from/to The Canada Life Assurance Company	32	(41)
Change in due from/to brokers	—	160
	<u>(39,547)</u>	<u>6,681</u>
Financing Activities		
Contractholder deposits	50,296	2,591
Contractholder withdrawals	(10,696)	(9,089)
	<u>39,600</u>	<u>(6,498)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	53	183
Cash, short-term deposits and overdrafts, beginning of year	87	(96)
Cash, short-term deposits and overdrafts, end of year	\$ 140	\$ 87
Supplementary cash flow information		
Dividend income received	\$ 2,331	\$ 1,494

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	29,564	1,357	1,946
Cogeco Communications Inc. sub. voting	711	55	72
Corus Entertainment Inc. Class B non-voting	6,501	35	31
Quebecor Media Inc. Class B sub. voting	5,825	131	166
Rogers Communications Inc. Class B non-voting	11,559	495	696
Shaw Communications Inc. Class B non-voting	14,934	307	573
TELUS Corp.	44,515	863	1,326
TELUS International Inc.	1,528	72	64
Consumer Discretionary			
Aritzia Inc.	2,837	65	149
BRP Inc.	1,236	79	137
Canada Goose Holdings Inc.	1,956	103	92
Canadian Tire Corp. Ltd. Class A non-voting	1,885	196	342
Dollarama Inc.	9,505	276	602
Gildan Activewear Inc.	6,569	175	352
Linamar Corp.	1,497	75	112
Magna International Inc.	9,078	617	929
Martinrea International Inc.	2,734	31	31
MTY Food Group Inc.	661	43	42
Park Lawn Corp.	1,105	42	46
Restaurant Brands International Inc.	10,088	685	774
Sleep Country Canada Holdings Inc.	1,273	39	48
Spin Master Corp.	1,104	46	53
Consumer Staples			
Alimentation Couche-Tard Inc.	27,358	689	1,450
Empire Co. Ltd. Class A non-voting	5,649	165	218
George Weston Ltd.	2,343	173	344
Loblaw Companies Ltd.	5,279	220	547
Maple Leaf Foods Inc.	2,484	50	73
Metro Inc.	7,947	290	535
Premium Brands Holdings Corp.	1,201	102	152
Primo Water Corp.	5,325	85	119
Saputo Inc.	7,865	216	224
The North West Company Inc.	1,645	43	56
Village Farms International Inc.	2,100	36	17

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Energy			
Advantage Energy Ltd.	6,223	39	46
AltaGas Ltd.	9,337	222	255
ARC Resources Ltd.	21,651	292	249
Baytex Energy Corp.	18,399	61	72
Birchcliff Energy Ltd.	8,829	55	57
Cameco Corp. [CAD]	13,118	239	362
Canadian Natural Resources Ltd.	38,206	1,188	2,042
Cenovus Energy Inc.	40,883	601	634
Crescent Point Energy Corp.	17,384	292	117
Denison Mines Corp.	21,000	29	37
Enbridge Inc. [CAD]	65,995	2,753	3,261
Energy Fuels Inc.	5,075	46	49
Enerplus Corp.	7,429	145	99
Freehold Royalties Ltd.	3,830	40	45
Gibson Energy Inc.	4,840	105	109
Hydro One Ltd.	10,162	260	334
Imperial Oil Ltd.	7,351	224	335
Keyera Corp.	7,378	170	210
MEG Energy Corp.	9,089	153	106
Mullen Group Ltd.	2,976	47	35
Nexgen Energy Ltd.	11,000	48	61
Paramount Resources Ltd. Class A	2,371	49	58
Parex Resources Inc.	4,288	76	93
Parkland Corp. of Canada	5,139	161	179
Pembina Pipeline Corp.	18,046	571	692
Peyto Exploration & Development Corp.	5,423	47	51
PrairieSky Royalty Ltd.	6,443	135	88
Secure Energy Services Inc.	7,938	37	42
Suncor Energy Inc.	46,976	1,324	1,487
Tamarack Valley Energy Ltd.	11,019	37	42
TC Energy Corp.	32,252	1,581	1,897
Topaz Energy Corp.	2,632	44	47
Tourmaline Oil Corp.	9,945	285	406
Vermilion Energy Inc.	4,959	133	79
Whitecap Resources Inc.	16,308	135	122

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Exchange Traded Funds			
iShares S&P/TSX 60 Capped Composite Index ETF	28,626	927	966
Financials			
Bank of Montreal	21,329	1,591	2,905
Brookfield Asset Management Inc.	47,328	1,720	3,615
Canaccord Genuity Group Inc.	3,095	36	47
Canadian Imperial Bank of Commerce	14,792	1,336	2,181
Canadian Western Bank	2,908	75	106
CI Financial Corp.	6,441	142	170
ECN Capital Corp.	7,712	13	41
Element Fleet Management Corp.	14,477	173	186
Equitable Group Inc.	772	45	53
Fairfax Financial Holdings Ltd. sub. voting	905	419	563
goeasy Ltd.	360	44	65
Great-West Lifeco Inc. *	9,104	251	346
Home Capital Group Inc.	1,791	46	70
iA Financial Corp. Inc.	3,556	169	257
IGM Financial Inc. *	2,669	85	122
Intact Financial Corp.	5,794	661	953
Laurentian Bank of Canada	1,474	60	59
Manulife Financial Corp.	63,451	1,506	1,530
National Bank of Canada	11,107	574	1,071
Nuvei Corp.	2,074	220	170
Onex Corp. sub. voting	2,559	143	254
Power Corp. of Canada sub. voting *	19,018	492	795
Royal Bank of Canada	46,230	3,460	6,205
Sprott Inc.	686	34	39
Sun Life Financial Inc.	19,025	924	1,340
The Bank of Nova Scotia	39,665	2,237	3,552
The Toronto-Dominion Bank	59,379	3,166	5,759
Thomson Reuters Corp.	5,550	399	840
TMX Group Ltd.	1,696	165	218
Trisura Group Ltd.	1,056	42	50

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Health Care			
Aurora Cannabis Inc.	6,128	246	42
Bausch Health Co. Inc.	9,436	481	330
Canopy Growth Corp.	7,532	212	83
Cronos Group Inc.	6,258	85	31
Jamieson Wellness Inc.	1,347	41	54
Sienna Senior Living Inc.	2,232	35	34
Well Health Technologies Corp.	5,704	43	28
Industrials			
Aecon Group Inc.	2,026	36	34
Air Canada variable voting	10,910	192	231
ATS Automation Tooling Systems Inc.	2,347	48	118
Badger Infrastructure Solutions Ltd.	1,217	43	39
Ballard Power Systems Inc.	8,098	160	129
Bombardier Inc. Class B sub. voting	70,385	129	118
Boyd Group Services Inc.	744	159	149
CAE Inc.	10,415	262	332
Canadian National Railway Co.	19,992	1,634	3,106
Canadian Pacific Railway Ltd.	30,209	1,965	2,748
Cargojet Inc.	530	70	88
Exchange Income Corp.	1,092	44	46
Finning International Inc.	5,408	124	172
GFL Environmental Inc.	4,747	180	227
LifeWorks Inc.	2,306	63	59
NFI Group Inc.	2,086	61	42
Richelieu Hardware Ltd.	1,754	59	77
Ritchie Bros. Auctioneers Inc.	3,599	168	279
Russel Metals Inc.	2,099	46	71
SNC-Lavalin Group Inc.	5,688	162	176
Stantec Inc.	3,737	130	266
TFI International Inc.	2,702	149	383
The Lion Electric Co. *	3,213	37	40
Toromont Industries Ltd.	2,590	149	296
Transcontinental Inc. Class A sub. voting	2,469	44	50
Waste Connections Inc.	8,492	821	1,464

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Westshore Terminals Investment Corp.	1,468	25	39
WSP Global Inc.	2,380	182	437
Information Technology			
BlackBerry Ltd.	17,461	339	206
Celestica Inc.	3,558	58	50
CGI Group Inc. Class A sub. voting	7,360	449	823
Constellation Software Inc.	646	645	1,516
Converge Technology Solutions Corp.	6,485	79	70
Docebo Inc.	443	50	38
Dye & Durham Ltd.	1,525	66	68
Enghouse Systems Ltd.	1,398	59	68
Hut 8 Mining Corp.	4,506	44	45
Kinaxis Inc.	872	80	155
Lightspeed Commerce Inc.	4,332	368	221
Open Text Corp.	9,178	339	551
Shopify Inc. [CAD]	3,720	3,142	6,478
The Descartes Systems Group Inc.	2,791	130	292
Materials			
Agnico Eagle Mines Ltd.	8,021	444	539
Alamos Gold Inc.	13,735	139	134
B2Gold Corp.	35,056	153	175
Barrick Gold Corp.	57,778	1,432	1,390
Canfor Corp.	2,059	39	66
Capstone Mining Corp.	8,654	44	48
Cascades Inc.	2,767	46	39
CCL Industries Inc. Class B non-voting	4,934	201	335
Centerra Gold Inc.	7,320	61	71
Dundee Precious Metals Inc.	5,808	47	45
Eldorado Gold Corp.	5,837	151	69
Endeavour Silver Corp.	5,285	36	28
Equinox Gold Corp.	8,465	104	72
ERO Copper Corp.	2,459	46	47
First Majestic Silver Corp.	6,509	101	92
First Quantum Minerals Ltd.	17,750	375	537
Fortuna Silver Mines Inc.	9,718	75	48

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Materials (continued)			
Franco-Nevada Corp. [CAD]	6,291	596	1,101
HudBay Minerals Inc.	7,194	70	66
IAMGOLD Corp.	16,342	69	64
Interfor Corp.	2,259	48	92
Intertape Polymer Group Inc.	1,937	38	51
Ivanhoe Mines Ltd.	18,195	91	188
K92 Mining Inc.	7,249	46	52
Kinross Gold Corp.	40,965	339	301
Kirkland Lake Gold Ltd.	8,828	293	468
Labrador Iron Ore Royalty Corp.	2,054	54	77
Lithium Americas Corp.	3,056	74	113
Lundin Mining Corp.	21,050	214	208
MAG Silver Corp.	2,844	53	56
Methanex Corp.	2,506	102	125
New Gold Inc.	23,161	53	44
NovaGold Resources Inc.	8,266	74	72
Nutrien Ltd. [CAD]	18,687	988	1,777
OceanaGold Corp.	23,756	58	52
Osisko Gold Royalties Ltd.	5,077	73	79
Osisko Mining Inc.	8,014	28	31
Pan American Silver Corp.	6,805	195	215
Pretium Resources Inc.	6,179	63	110
Sandstorm Gold Ltd. [CAD]	6,575	51	52
Seabridge Gold Inc.	1,912	38	40
Silvercorp Metals Inc.	5,984	37	28
Silvercrest Metals Inc.	4,169	44	42
SSR Mining Inc.	7,167	148	160
Stelco Holdings Inc.	1,492	54	62
Stella-Jones Inc.	2,158	99	86
Teck Resources Ltd. Class B	15,372	359	560
Torex Gold Resources Inc.	2,746	46	36
Turquoise Hill Resources Ltd.	3,285	71	68
Wesdome Gold Mines Ltd.	4,728	34	54
West Fraser Timber Co. Ltd.	3,236	211	391
Wheaton Precious Metals Corp.	14,718	457	799
Winpak Ltd.	1,038	46	39
Yamana Gold Inc.	32,218	232	171

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Real Estate			
Allied Properties REIT	4,249	155	187
Altus Group Ltd.	1,358	60	96
Artis REIT	4,101	45	49
Boardwalk REIT	1,257	40	69
Canadian Apartment Properties REIT	5,709	219	342
Chartwell Retirement Residences REIT	7,259	75	86
Choice Properties REIT	8,897	116	135
Colliers International Group Inc.	1,062	87	200
Cominar REIT	5,566	76	65
Crombie REIT	3,215	46	60
CT REIT	2,300	36	40
Dream Industrial REIT	6,907	94	119
Dream Office REIT	1,351	31	33
First Capital REIT	7,496	134	141
FirstService Corp.	1,257	139	312
Granite REIT Holdings LP	2,030	121	214
H&R REIT	9,439	147	153
InterRent REIT	4,563	61	79
Killam Apartment REIT	3,475	57	82
Northwest Healthcare Properties REIT	5,586	66	77
RioCan REIT	10,574	200	243
SmartCentres REIT	4,250	104	137
Summit Industrial Income REIT	5,113	65	120
Tricon Residential Inc.	8,057	102	156
Utilities			
Algonquin Power & Utilities Corp.	21,676	339	396
ATCO Ltd. Class I non-voting	2,484	72	106
Boralex Inc. Class A	2,841	86	99
Canadian Utilities Ltd. Class A non-voting	3,969	102	146
Capital Power Corp.	3,522	103	139
Emera Inc.	8,289	354	524
Fortis Inc.	15,410	671	940
Innergex Renewable Energy Inc.	3,949	66	73
Northland Power Inc.	7,412	243	281
Superior Plus Corp.	4,702	65	61

Canadian Equity Index Fund

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities (continued)			
TransAlta Corp.	8,050	107	113
TransAlta Renewables Inc.	3,455	53	65
Total Canadian Common Stock		68,345	100,846
United States Common Stock			
Health Care			
Tilray Inc.	14,985	272	134
Total United States Common Stock		272	134
Global Common Stock			
Bermuda			
Brookfield Business Partners LP [CAD]	1,817	76	105
Brookfield Infrastructure Partners LP Partnership Units	9,866	556	760
Brookfield Renewable Energy Partners LP	6,789	232	308
Total Global Common Stock		864	1,173
Total Stocks		69,481	102,153
Transaction Costs (see notes to financial statements (note 2))		(40)	
Total Investments		69,441	102,153

Canadian Equity Index Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Index Fund (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 18	\$ 18	\$ —
Total	\$ —	\$ 18	\$ 18	\$ —
As Percent of Net Assets Attributable to Contractholders			—%	

*Includes both monetary and non-monetary instruments

Canadian Equity Index Fund

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 12	\$ 12	\$ —
Total	\$ —	\$ 12	\$ 12	\$ —
As Percent of Net Assets Attributable to Contractholders			—%	

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,022 (\$446 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 102,153	\$ —	\$ —	\$ 102,153
Total assets measured at fair value	\$ 102,153	\$ —	\$ —	\$ 102,153

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 44,616	\$ 3	\$ —	\$ 44,619
Total assets measured at fair value	\$ 44,616	\$ 3	\$ —	\$ 44,619

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Equity Index Fund

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	2,743	2,550	2,505	2,562	2,525	7,938	5,889	5,477	4,561	4,931
Individual No-Load (IA)	23,758	25,190	27,978	32,581	35,413	14,550	12,609	13,583	13,186	16,094
Individual Back-End Load (IB)	15,298	17,382	22,380	26,159	30,257	9,855	9,152	11,429	11,137	14,475
Managed Money (IC)	488	525	540	571	615	302	262	258	225	269
75/75 guarantee policy	98,275	113,861	157,555	58,544	57,458	2,169	2,054	2,757	854	942
75/100 guarantee policy	51,423	54,983	58,827	51,609	54,295	1,113	974	1,012	741	878
100/100 guarantee policy	8,302	10,835	10,303	19,869	13,310	172	184	171	276	209
PS1 75/75 guarantee policy	101,060	74,102	78,192	55,586	54,453	2,050	1,224	1,249	737	809
PS1 75/100 guarantee policy	29,508	32,204	24,166	27,589	30,083	586	522	380	361	441
PS1 100/100 guarantee policy	274	274	2,262	366	541	5	4	35	5	8
PS2 75/75 guarantee policy	108,774	42,554	75,152	27,134	27,185	2,693	841	1,405	413	454
PS2 75/100 guarantee policy	1,946	3,769	4,242	2,160	2,301	48	74	79	33	38
PS 75/75 guarantee policy	10,691	19,156	22,523	10,200	—	147	213	240	90	—
PS 75/100 guarantee policy	183	184	976	—	—	2	2	10	—	—
PPS 75/75 guarantee policy	12,205	11,039	5,294	—	—	170	124	57	—	—
PPS 75/100 guarantee policy	973	783	—	—	—	13	9	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	2,893.45	2,309.12	2,186.54	1,779.82	1,952.58	584.33	122.58
Individual No-Load (IA)	612.42	500.56	485.49	404.72	454.47	111.86	15.07
Individual Back-End Load (IB)	644.21	526.54	510.68	425.72	478.39	117.67	15.86
Managed Money (IC)	618.84	499.49	478.39	393.84	436.87	119.35	21.10
75/75 guarantee policy	22.07	18.04	17.50	14.59	16.39	4.03	0.54
75/100 guarantee policy	21.64	17.71	17.21	14.37	16.17	3.93	0.50
100/100 guarantee policy	20.68	16.99	16.56	13.88	15.68	3.69	0.43
PS1 75/75 guarantee policy	20.28	16.52	15.97	13.26	14.85	3.76	0.55
PS1 75/100 guarantee policy	19.86	16.21	15.71	13.08	14.67	3.65	0.50
PS1 100/100 guarantee policy	19.25	15.76	15.32	12.79	14.41	3.49	0.44
PS2 75/75 guarantee policy	24.76	19.76	18.70	15.22	16.69	5.00	1.06
PS2 75/100 guarantee policy	24.76	19.75	18.70	15.22	16.69	5.01	1.05
PS 75/75 guarantee policy	13.74	11.11	10.66	8.79	—	2.63	0.45
PS 75/100 guarantee policy	13.67	11.06	10.63	—	—	2.61	0.43
PPS 75/75 guarantee policy	13.95	11.24	10.75	—	—	2.71	0.49
PPS 75/100 guarantee policy	13.81	11.15	—	—	—	2.66	0.47

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Index Fund

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Equity Index Fund

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.42	2.43	2.42	2.44	2.64
Individual Back-End Load (IB)	2.42	2.43	2.42	2.44	2.42
Managed Money (IC)	1.17	1.17	1.17	1.17	1.28
75/75 guarantee policy	2.42	2.43	2.42	2.44	2.42
75/100 guarantee policy	2.57	2.58	2.58	2.59	2.57
100/100 guarantee policy	2.94	2.94	2.95	2.94	2.93
PS1 75/75 guarantee policy	2.07	2.08	2.07	2.08	2.07
PS1 75/100 guarantee policy	2.29	2.29	2.29	2.30	2.29
PS1 100/100 guarantee policy	2.62	2.64	2.60	2.65	2.65
PS 75/75 guarantee policy	1.33	1.33	1.33	1.33	—
PS 75/100 guarantee policy	1.48	1.52	1.48	—	—
PPS 75/75 guarantee policy	0.98	0.98	0.97	—	—
PPS 75/100 guarantee policy	1.19	1.19	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	17.68	36.01	23.01	14.29	22.02

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY INVESTMENT FUND NO. 3

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Investment Fund No. 3 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Investment Fund No. 3

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 5,253	\$ 1,592
Investment income due and accrued	824	768
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	493,923	470,019
Investment fund units	—	—
Total investments	493,923	470,019
Total assets	\$ 500,000	\$ 472,379
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	860	512
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	860	512
Net assets attributable to contractholders	\$ 499,140	\$ 471,867

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 108,172	\$ 27,112
Miscellaneous income (loss)	10	202
Total income	108,182	27,314
Expenses		
Management fees (note 7)	2,662	2,550
Transaction costs	410	411
Withholding taxes	7	55
Other	247	237
Total expenses	3,326	3,253
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 104,856	\$ 24,061

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 471,867	\$ 512,891
Contractholder deposits	31,743	57,834
Contractholder withdrawals	(109,326)	(122,919)
Increase (decrease) in net assets from operations attributable to contractholders	104,856	24,061
Change in net assets attributable to contractholders	27,273	(41,024)
Net assets attributable to contractholders - end of year	\$ 499,140	\$ 471,867

Canadian Equity Investment Fund No. 3

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 104,856	\$ 24,061
Adjustments		
Realized (gains) losses	(68,532)	(44,446)
Unrealized (gains) losses	(28,688)	30,508
Gross proceeds of disposition of investments	344,681	313,395
Gross payments for the purchase of investments	(271,365)	(260,582)
Change in investment income due and accrued	(56)	176
Change in due from/to The Canada Life Assurance Company	348	841
Change in due from/to brokers	—	(444)
	<u>81,244</u>	<u>63,509</u>
Financing Activities		
Contractholder deposits	31,743	57,834
Contractholder withdrawals	(109,326)	(122,919)
	<u>(77,583)</u>	<u>(65,085)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	3,661	(1,576)
Cash, short-term deposits and overdrafts, beginning of year	1,592	3,168
Cash, short-term deposits and overdrafts, end of year	\$ 5,253	\$ 1,592
Supplementary cash flow information		
Dividend income received	\$ 10,892	\$ 13,324

Canadian Equity Investment Fund No. 3

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	103,383	5,927	6,227
TELUS Corp.	245,762	6,253	7,321
TELUS International Inc.	57,531	2,018	2,405
Consumer Discretionary			
Aritzia Inc.	92,110	1,683	4,822
BRP Inc.	47,755	3,713	5,291
Canadian Tire Corp. Ltd. Class A non-voting	28,208	4,264	5,118
Dollarama Inc.	100,453	5,226	6,360
Magna International Inc.	48,720	3,862	4,986
Pet Valu Holdings Ltd.	156,349	3,782	5,640
Consumer Staples			
Alimentation Couche-Tard Inc.	149,437	4,113	7,920
Loblaw Companies Ltd.	89,583	6,250	9,284
Energy			
ARC Resources Ltd.	234,524	2,452	2,697
Canadian Natural Resources Ltd.	352,911	14,922	18,863
Enbridge Inc. [CAD]	179,951	8,895	8,891
Headwater Exploration Inc.	646,964	2,385	3,332
Parkland Corp. of Canada	69,053	2,834	2,401
Pason Systems Inc.	343,924	3,340	3,969
Pembina Pipeline Corp.	107,296	3,696	4,117
Secure Energy Services Inc.	631,168	3,611	3,320
TC Energy Corp.	129,652	8,116	7,627
Tourmaline Oil Corp.	92,733	2,792	3,787
Financials			
Bank of Montreal	189,331	17,155	25,785
Brookfield Asset Management Inc.	272,906	10,412	20,847
Definity Financial Corp.	81,260	1,788	2,400
Intact Financial Corp.	84,264	10,632	13,855
National Bank of Canada	88,005	7,553	8,487
Royal Bank of Canada	309,216	23,598	41,511
Sun Life Financial Inc.	107,975	5,516	7,603
The Toronto-Dominion Bank	354,914	20,769	34,420

Canadian Equity Investment Fund No. 3

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Thomson Reuters Corp.	25,931	2,632	3,923
TMX Group Ltd.	29,709	3,877	3,810
Health Care			
dentalcorp Holdings Ltd.	221,931	3,107	3,611
Neighbourly Pharmacy Inc.	65,929	1,121	2,633
Industrials			
Boyd Group Services Inc.	31,917	6,455	6,371
Canadian National Railway Co.	92,076	7,071	14,307
Canadian Pacific Railway Ltd.	218,262	14,077	19,856
Stantec Inc.	58,089	2,080	4,128
TFI International Inc.	38,118	3,478	5,408
Toromont Industries Ltd.	37,427	2,479	4,280
Waste Connections Inc.	45,699	4,603	7,879
WSP Global Inc.	31,588	2,469	5,801
Information Technology			
CGI Group Inc. Class A sub. voting	79,343	4,168	8,875
Constellation Software Inc.	6,246	6,927	14,659
Dye & Durham Ltd.	62,209	1,105	2,792
Kinaxis Inc.	13,107	1,642	2,324
Open Text Corp.	147,478	7,106	8,855
Shopify Inc. [CAD]	8,192	14,892	14,268
Tecsys Inc.	29,975	1,188	1,577
The Descartes Systems Group Inc.	24,005	1,906	2,511
Materials			
Agnico Eagle Mines Ltd.	31,818	2,890	2,138
CCL Industries Inc. Class B non-voting	113,589	5,895	7,705
First Quantum Minerals Ltd.	82,751	2,019	2,505
Kirkland Lake Gold Ltd.	111,912	5,657	5,932
Major Drilling Group International Inc.	280,740	2,448	2,319
Methanex Corp.	63,001	3,071	3,153
Nutrien Ltd. [CAD]	99,649	6,081	9,475
Wheaton Precious Metals Corp.	102,034	5,666	5,538

Canadian Equity Investment Fund No. 3

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Real Estate			
Allied Properties REIT	114,180	4,960	5,018
Colliers International Group Inc.	27,479	2,761	5,176
Utilities			
Boralex Inc. Class A	128,754	3,125	4,465
Northland Power Inc.	55,779	2,454	2,117
Total Canadian Common Stock		336,967	472,695
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	717	1,987	2,628
Consumer Discretionary			
Amazon.com Inc.	561	2,157	2,366
Financials			
Digital Realty Trust Inc. REIT	13,062	2,372	2,923
Information Technology			
MasterCard Inc. Class A	5,733	2,496	2,606
Microsoft Corp.	11,697	3,194	4,977
Visa Inc. Class A	9,466	2,580	2,595
Real Estate			
Equinix Inc. REIT	2,928	1,771	3,133
Total United States Common Stock		16,557	21,228
Total Stocks		353,524	493,923
Transaction Costs (see notes to financial statements (note 2))		(265)	
Total Investments		353,259	493,923

Canadian Equity Investment Fund No. 3

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity Investment Fund No. 3 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 21,228	\$ 647	\$ 21,875	\$ 219
Total	\$ 21,228	\$ 647	\$ 21,875	\$ 219
As Percent of Net Assets Attributable to Contractholders			4.4%	

*Includes both monetary and non-monetary instruments

Canadian Equity Investment Fund No. 3

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 32,352	\$ 52	\$ 32,404	\$ 324
Total	\$ 32,352	\$ 52	\$ 32,404	\$ 324
As Percent of Net Assets Attributable to Contractholders			6.9%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$4,939 (\$4,700 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 493,923	\$ —	\$ —	\$ 493,923
Total assets measured at fair value	\$ 493,923	\$ —	\$ —	\$ 493,923

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 468,800	\$ 1,219	\$ —	\$ 470,019
Total assets measured at fair value	\$ 468,800	\$ 1,219	\$ —	\$ 470,019

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Equity Investment Fund No. 3

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	106,020	119,081	126,258	141,392	142,979	231,203	208,614	211,310	195,274	211,764
Individual No-Load (IA)	51,489	60,231	68,197	81,098	93,978	41,027	39,572	43,938	44,256	56,434
Individual Back-End Load (IB)	56,712	66,626	77,388	94,117	109,029	47,561	46,072	52,478	54,057	68,957
Managed Money (IC)	7,568	8,722	9,686	11,361	12,995	5,198	4,867	5,223	5,113	6,341
75/75 guarantee policy	205,902	220,444	263,996	286,191	294,695	5,229	4,616	5,421	4,978	5,644
75/100 guarantee policy	154,708	183,457	198,025	189,644	229,762	3,867	3,787	4,015	3,262	4,359
100/100 guarantee policy	20,830	25,030	27,499	32,479	35,425	497	495	536	539	651
PS1 75/75 guarantee policy	251,680	213,534	248,735	311,842	345,137	5,605	3,903	4,438	4,692	5,690
PS1 75/100 guarantee policy	113,370	144,762	162,916	159,379	160,394	2,472	2,597	2,859	2,363	2,612
PS1 100/100 guarantee policy	1,512	1,067	956	974	928	32	19	16	14	15
PS2 75/75 guarantee policy	288,225	345,152	408,586	510,817	560,354	7,922	7,618	8,613	8,883	10,446
PS2 75/100 guarantee policy	71,708	88,078	93,065	89,642	91,303	1,971	1,944	1,962	1,559	1,702
PS2 100/100 guarantee policy	865	1,053	1,083	1,184	1,218	24	23	23	21	23
PS 75/75 guarantee policy	13,253	53,021	51,228	26,265	—	178	579	543	233	—
PS 75/100 guarantee policy	10,256	10,704	11,044	1,570	—	137	116	117	14	—
PPS 75/75 guarantee policy	99,690	148,890	118,194	33,597	—	1,357	1,646	1,261	299	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	2,180.74	1,751.86	1,673.63	1,381.08	1,481.09	428.88	78.23
Individual No-Load (IA)	796.80	657.01	644.28	545.71	600.50	139.79	12.73
Individual Back-End Load (IB)	838.64	691.51	678.11	574.36	632.47	147.13	13.40
Managed Money (IC)	686.81	558.03	539.20	450.02	487.98	128.78	18.83
75/75 guarantee policy	25.40	20.94	20.54	17.39	19.15	4.46	0.40
75/100 guarantee policy	24.99	20.64	20.28	17.20	18.97	4.35	0.36
100/100 guarantee policy	23.88	19.79	19.51	16.61	18.38	4.09	0.28
PS1 75/75 guarantee policy	22.27	18.28	17.84	15.04	16.49	3.99	0.44
PS1 75/100 guarantee policy	21.81	17.94	17.55	14.83	16.29	3.87	0.39
PS1 100/100 guarantee policy	21.12	17.43	17.11	14.51	15.99	3.69	0.32
PS2 75/75 guarantee policy	27.48	22.07	21.08	17.39	18.64	5.41	0.99
PS2 75/100 guarantee policy	27.48	22.07	21.08	17.39	18.64	5.41	0.99
PS2 100/100 guarantee policy	27.49	22.07	21.08	17.39	18.64	5.42	0.99
PS 75/75 guarantee policy	13.40	10.93	10.60	8.88	—	2.47	0.33
PS 75/100 guarantee policy	13.32	10.88	10.57	8.87	—	2.44	0.31
PPS 75/75 guarantee policy	13.61	11.05	10.67	8.90	—	2.56	0.38

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Equity Investment Fund No. 3

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.64	2.64	2.65	2.69	2.93
Individual Back-End Load (IB)	2.64	2.64	2.65	2.68	2.71
Managed Money (IC)	1.17	1.17	1.17	1.18	1.28
75/75 guarantee policy	2.64	2.64	2.65	2.68	2.70
75/100 guarantee policy	2.80	2.81	2.81	2.83	2.81
100/100 guarantee policy	3.15	3.16	3.16	3.18	3.16
PS1 75/75 guarantee policy	2.18	2.19	2.19	2.20	2.19
PS1 75/100 guarantee policy	2.40	2.40	2.41	2.42	2.40
PS1 100/100 guarantee policy	2.72	2.74	2.74	2.75	2.79
PS 75/75 guarantee policy	1.55	1.55	1.55	1.55	—
PS 75/100 guarantee policy	1.71	1.71	1.71	1.71	—
PPS 75/75 guarantee policy	1.09	1.09	1.09	1.09	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	56.02	55.33	29.07	25.49	38.79

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
DIVIDEND FUND 8.01G**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Dividend Fund 8.01G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Dividend Fund 8.01G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 2,350	\$ 2,166
Investment income due and accrued	1,374	1,245
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	456,517	434,300
Investment fund units	—	—
Total investments	456,517	434,300
Total assets	\$ 460,241	\$ 437,711
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	510	249
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	510	249
Net assets attributable to contractholders	\$ 459,731	\$ 437,462

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 112,691	\$ (1,438)
Miscellaneous income (loss)	(21)	(44)
Total income	112,670	(1,482)
Expenses		
Management fees (note 7)	6,486	6,179
Transaction costs	133	220
Withholding taxes	64	94
Other	652	627
Total expenses	7,335	7,120
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 105,335	\$ (8,602)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 437,462	\$ 527,323
Contractholder deposits	16,522	25,855
Contractholder withdrawals	(99,588)	(107,114)
Increase (decrease) in net assets from operations attributable to contractholders	105,335	(8,602)
Change in net assets attributable to contractholders	22,269	(89,861)
Net assets attributable to contractholders - end of year	\$ 459,731	\$ 437,462

Dividend Fund 8.01G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 105,335	\$ (8,602)
Adjustments		
Realized (gains) losses	(51,017)	(18,639)
Unrealized (gains) losses	(46,819)	37,188
Gross proceeds of disposition of investments	166,244	159,886
Gross payments for the purchase of investments	(90,625)	(94,902)
Change in investment income due and accrued	(129)	122
Change in due from/to The Canada Life Assurance Company	261	(69)
	<u>83,250</u>	<u>74,984</u>
Financing Activities		
Contractholder deposits	16,522	25,855
Contractholder withdrawals	(99,588)	(107,114)
	<u>(83,066)</u>	<u>(81,259)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	184	(6,275)
Cash, short-term deposits and overdrafts, beginning of year	<u>2,166</u>	<u>8,441</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 2,350</u>	<u>\$ 2,166</u>
Supplementary cash flow information		
Dividend income received	\$ 14,724	\$ 17,207

Dividend Fund 8.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	120,678	4,912	7,942
Rogers Communications Inc. Class B non-voting	126,729	6,195	7,633
Shaw Communications Inc. Class B non-voting	241,124	6,524	9,257
TELUS Corp.	359,276	5,920	10,703
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	17,674	1,911	3,207
Magna International Inc.	47,320	2,340	4,843
Pet Valu Holdings Ltd.	38,136	925	1,376
Restaurant Brands International Inc.	44,093	3,600	3,382
Consumer Staples			
Alimentation Couche-Tard Inc.	131,757	3,320	6,983
Empire Co. Ltd. Class A non-voting	90,428	3,500	3,485
Loblaw Companies Ltd.	87,307	4,325	9,048
Energy			
Canadian Natural Resources Ltd.	227,096	7,767	12,138
Enbridge Inc. [CAD]	335,314	13,422	16,568
Gibson Energy Inc.	48,018	1,102	1,077
Hydro One Ltd.	137,051	4,222	4,510
Parkland Corp. of Canada	64,194	2,598	2,232
Pembina Pipeline Corp.	121,993	4,504	4,681
Suncor Energy Inc.	178,909	5,905	5,662
TC Energy Corp.	171,716	8,795	10,102
Tourmaline Oil Corp.	91,657	2,037	3,743
Financials			
Bank of Montreal	95,845	7,717	13,053
Brookfield Asset Management Inc.	260,574	9,365	19,905
Canadian Imperial Bank of Commerce	88,764	8,926	13,088
Definity Financial Corp.	74,395	1,637	2,197
Element Fleet Management Corp.	177,227	2,110	2,283
iA Financial Corp. Inc.	45,922	2,196	3,324
Intact Financial Corp.	51,541	3,811	8,474
Manulife Financial Corp.	459,964	8,456	11,090
National Bank of Canada	34,722	2,053	3,349

Dividend Fund 8.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Royal Bank of Canada	244,535	14,970	32,828
Sun Life Financial Inc.	113,773	4,154	8,011
The Bank of Nova Scotia	246,511	14,233	22,075
The Toronto-Dominion Bank	300,233	14,347	29,117
Thomson Reuters Corp.	23,776	1,551	3,597
TMX Group Ltd.	20,794	2,275	2,667
Health Care			
Jamieson Wellness Inc.	65,771	1,229	2,640
Industrials			
AG Growth International Inc.	23,616	958	748
Canadian National Railway Co.	86,375	6,089	13,421
Canadian Pacific Railway Ltd.	93,168	5,628	8,476
Exchange Income Corp.	106,130	4,204	4,472
TFI International Inc.	16,863	1,707	2,392
Toromont Industries Ltd.	31,402	2,094	3,591
Waste Connections Inc.	26,435	1,181	4,557
WSP Global Inc.	36,968	2,185	6,788
Information Technology			
Constellation Software Inc.	1,026	2,266	2,408
Open Text Corp.	105,341	5,023	6,325
Materials			
CCL Industries Inc. Class B non-voting	38,000	2,576	2,578
Franco-Nevada Corp. [CAD]	31,936	3,635	5,587
Kirkland Lake Gold Ltd.	60,575	3,183	3,211
Nutrien Ltd. [CAD]	112,982	6,943	10,742
Stella-Jones Inc.	34,158	1,509	1,367
Real Estate			
Allied Properties REIT	72,485	2,857	3,186
Canadian Apartment Properties REIT	69,646	3,475	4,176
Chartwell Retirement Residences REIT	200,174	2,953	2,366
First Capital REIT	262,274	4,913	4,946
Granite REIT Holdings LP	39,413	2,081	4,154

Dividend Fund 8.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Utilities			
Algonquin Power & Utilities Corp.	154,396	1,506	2,821
Capital Power Corp.	68,674	2,010	2,710
Emera Inc.	58,288	2,862	3,685
Northland Power Inc.	146,164	3,917	5,547
Total Canadian Common Stock		268,609	416,524
United States Common Stock			
Communication Services			
Comcast Corp. Class A	14,474	711	922
The Walt Disney Co.	9,429	1,704	1,848
Consumer Discretionary			
The TJX Companies Inc.	36,342	2,802	3,490
Exchange Traded Funds			
iShares Semiconductor ETF	3,700	1,631	2,538
Financials			
Capital One Financial Corp.	7,167	1,087	1,315
Morgan Stanley	8,835	572	1,097
Health Care			
Johnson & Johnson Inc.	23,431	3,826	5,071
Industrials			
Danaher Corp.	3,899	1,602	1,623
Information Technology			
Microsoft Corp.	24,230	2,594	10,309
Visa Inc. Class A	3,617	974	992
Total United States Common Stock		17,503	29,205

Dividend Fund 8.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Bermuda			
Brookfield Infrastructure Partners LP Partnership Units	128,251	4,273	9,874
Ireland			
Medtronic Co. PLC	6,981	917	914
Total Global Common Stock		5,190	10,788
Total Stocks		291,302	456,517
Transaction Costs (see notes to financial statements (note 2))		(222)	
Total Investments		291,080	456,517

Dividend Fund 8.01G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Dividend Fund 8.01G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 30,119	\$ 1,476	\$ 31,595	\$ 316
Total	\$ 30,119	\$ 1,476	\$ 31,595	\$ 316
As Percent of Net Assets Attributable to Contractholders			6.9%	0.1%

*Includes both monetary and non-monetary instruments

Dividend Fund 8.01G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 44,649	\$ 159	\$ 44,808	\$ 448
Total	\$ 44,649	\$ 159	\$ 44,808	\$ 448
As Percent of Net Assets Attributable to Contractholders			10.2%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$4,565 (\$4,343 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 456,517	\$ —	\$ —	\$ 456,517
Total assets measured at fair value	\$ 456,517	\$ —	\$ —	\$ 456,517

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 434,300	\$ —	\$ —	\$ 434,300
Total assets measured at fair value	\$ 434,300	\$ —	\$ —	\$ 434,300

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Dividend Fund 8.01G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	35,343	35,250	49,335	69,053	65,853	31,040	24,075	33,642	39,227	40,392
Individual No-Load (IA)	83,869	95,434	113,620	141,996	173,589	76,824	69,752	85,080	90,886	123,024
Individual Back-End Load (IB)	63,397	77,629	93,769	120,060	145,980	60,696	59,302	73,388	80,317	108,207
Managed Money (IC)	25,246	32,437	38,806	43,991	49,381	25,007	25,273	30,537	29,169	35,750
75/75 guarantee policy	1,737,909	1,882,653	2,185,942	2,243,294	2,294,374	45,741	39,537	47,033	41,256	46,754
75/100 guarantee policy	1,055,840	1,341,084	1,558,319	1,622,002	1,661,702	27,379	27,779	33,107	29,487	33,510
100/100 guarantee policy	130,006	148,738	183,745	210,941	218,034	3,220	2,953	3,756	3,703	4,261
PS1 75/75 guarantee policy	1,686,877	1,669,234	1,814,317	1,939,084	2,020,604	36,538	28,716	31,830	28,945	33,266
PS1 75/100 guarantee policy	1,019,851	1,227,763	1,285,731	1,377,860	1,424,881	21,627	20,725	22,182	20,270	23,170
PS1 100/100 guarantee policy	85,782	91,763	100,613	109,359	115,529	1,762	1,506	1,693	1,574	1,844
PS2 75/75 guarantee policy	1,434,027	1,609,994	1,837,246	1,927,733	2,168,516	38,179	33,323	37,955	33,165	40,269
PS2 75/100 guarantee policy	425,778	503,625	587,764	647,464	617,549	11,336	10,424	12,142	11,139	11,468
PS2 100/100 guarantee policy	8,048	7,206	27,722	41,240	37,441	214	149	573	709	695
PS 75/75 guarantee policy	123,367	167,346	194,276	93,983	—	1,658	1,775	2,088	854	—
PS 75/100 guarantee policy	74,934	82,356	91,738	15,601	—	1,003	871	984	142	—
PPS 75/75 guarantee policy	139,189	182,009	147,717	35,878	—	1,901	1,952	1,598	327	—
PPS 75/100 guarantee policy	41,063	21,116	4,591	—	—	556	225	50	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	878.24	682.96	681.91	568.06	613.35	195.28	1.05
Individual No-Load (IA)	916.00	730.89	748.81	640.05	708.71	185.11	(17.92)
Individual Back-End Load (IB)	957.38	763.91	782.65	668.97	741.25	193.47	(18.74)
Managed Money (IC)	990.54	779.14	786.90	663.07	723.96	211.40	(7.76)
75/75 guarantee policy	26.32	21.00	21.52	18.39	20.38	5.32	(0.52)
75/100 guarantee policy	25.93	20.71	21.25	18.18	20.17	5.22	(0.54)
100/100 guarantee policy	24.77	19.86	20.44	17.55	19.54	4.91	(0.58)
PS1 75/75 guarantee policy	21.66	17.20	17.54	14.93	16.46	4.46	(0.34)
PS1 75/100 guarantee policy	21.21	16.88	17.25	14.71	16.26	4.33	(0.37)
PS1 100/100 guarantee policy	20.54	16.41	16.83	14.39	15.96	4.13	(0.42)
PS2 75/75 guarantee policy	26.62	20.70	20.66	17.20	18.57	5.92	0.04
PS2 75/100 guarantee policy	26.62	20.70	20.66	17.20	18.57	5.92	0.04
PS2 100/100 guarantee policy	26.62	20.70	20.66	17.20	18.57	5.92	0.04
PS 75/75 guarantee policy	13.44	10.61	10.75	9.08	—	2.83	(0.14)
PS 75/100 guarantee policy	13.39	10.58	10.73	9.08	—	2.81	(0.15)
PPS 75/75 guarantee policy	13.66	10.73	10.82	9.11	—	2.93	(0.09)
PPS 75/100 guarantee policy	13.55	10.67	10.78	—	—	2.88	(0.11)

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.
-

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Dividend Fund 8.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Dividend Fund 8.01G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.60	2.61	2.61	2.63	2.83
Individual Back-End Load (IB)	2.61	2.61	2.61	2.63	2.61
Managed Money (IC)	1.18	1.18	1.18	1.19	1.29
75/75 guarantee policy	2.60	2.61	2.61	2.62	2.61
75/100 guarantee policy	2.72	2.72	2.72	2.73	2.72
100/100 guarantee policy	3.08	3.09	3.09	3.10	3.09
PS1 75/75 guarantee policy	2.14	2.15	2.15	2.16	2.15
PS1 75/100 guarantee policy	2.37	2.37	2.37	2.38	2.37
PS1 100/100 guarantee policy	2.69	2.70	2.70	2.71	2.70
PS 75/75 guarantee policy	1.51	1.51	1.51	1.51	—
PS 75/100 guarantee policy	1.61	1.62	1.62	1.62	—
PPS 75/75 guarantee policy	1.04	1.05	1.05	1.04	—
PPS 75/100 guarantee policy	1.26	1.26	1.27	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	20.41	21.35	18.26	15.74	20.64

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

MID CAP CANADA FUND 8.02G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Mid Cap Canada Fund 8.02G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Mid Cap Canada Fund 8.02G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,561	\$ 1,163
Investment income due and accrued	118	177
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	840	845
Due from outside parties	4	4
Investments		
Bonds	—	—
Stocks	140,032	159,872
Investment fund units	—	—
Total investments	<u>140,032</u>	<u>159,872</u>
Total assets	<u>\$ 142,555</u>	<u>\$ 162,061</u>
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	42	126
Due to brokers	845	845
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	<u>887</u>	<u>971</u>
Net assets attributable to contractholders	<u>\$ 141,668</u>	<u>\$ 161,090</u>

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 14,793	\$ 35,933
Miscellaneous income (loss)	19	95
Total income	<u>14,812</u>	<u>36,028</u>
Expenses		
Management fees (note 7)	1,777	1,584
Transaction costs	80	105
Withholding taxes	(13)	14
Other	158	141
Total expenses	<u>2,002</u>	<u>1,844</u>
Net increase (decrease) in net assets from operations attributable to contractholders	<u>\$ 12,810</u>	<u>\$ 34,184</u>
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 161,090	\$ 164,874
Contractholder deposits	12,200	9,123
Contractholder withdrawals	(44,432)	(47,091)
Increase (decrease) in net assets from operations attributable to contractholders	<u>12,810</u>	<u>34,184</u>
Change in net assets attributable to contractholders	<u>(19,422)</u>	<u>(3,784)</u>
Net assets attributable to contractholders - end of year	<u>\$ 141,668</u>	<u>\$ 161,090</u>

Mid Cap Canada Fund 8.02G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 12,810	\$ 34,184
Adjustments		
Realized (gains) losses	(18,818)	(24,690)
Unrealized (gains) losses	5,954	(8,993)
Gross proceeds of disposition of investments	78,301	73,844
Gross payments for the purchase of investments	(45,597)	(40,080)
Change in investment income due and accrued	59	(2)
Change in due from/to The Canada Life Assurance Company	(84)	(90)
Change in due from/to brokers	5	—
	<u>32,630</u>	<u>34,173</u>
Financing Activities		
Contractholder deposits	12,200	9,123
Contractholder withdrawals	(44,432)	(47,091)
	<u>(32,232)</u>	<u>(37,968)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	398	(3,795)
Cash, short-term deposits and overdrafts, beginning of year	1,163	4,958
Cash, short-term deposits and overdrafts, end of year	\$ 1,561	\$ 1,163
Supplementary cash flow information		
Dividend income received	\$ 1,985	\$ 2,222

Mid Cap Canada Fund 8.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Cogeco Inc.	26,867	2,236	2,182
Consumer Discretionary			
Aritzia Inc.	120,966	2,123	6,333
Pet Valu Holdings Ltd.	20,007	495	722
Pollard Banknote Ltd.	73,396	1,577	2,925
Sleep Country Canada Holdings Inc.	77,658	1,722	2,915
Consumer Staples			
Lassonde Industries Inc.	6,752	1,025	1,062
Energy			
Headwater Exploration Inc.	147,549	539	760
Kelt Exploration Ltd.	191,651	1,015	924
North American Construction Group Ltd.	91,805	1,502	1,762
Parkland Corp. of Canada	80,272	3,064	2,791
Pason Systems Inc.	74,635	787	861
Secure Energy Services Inc.	244,975	1,367	1,289
Financials			
Definity Financial Corp.	23,720	522	700
Equitable Group Inc.	44,044	3,250	3,035
iA Financial Corp. Inc.	43,342	2,238	3,137
Health Care			
Andlauer Healthcare Group Inc.	83,849	2,289	4,530
dentalcorp Holdings Ltd.	89,569	1,260	1,457
Dialogue Health Technologies Inc.	19,034	229	139
Jamieson Wellness Inc.	106,151	2,166	4,261
Knight Therapeutics Inc.	130,891	997	694
Neighbourly Pharmacy Inc.	26,518	578	1,059
Industrials			
AG Growth International Inc.	13,673	487	433
ATS Automation Tooling Systems Inc.	63,713	1,462	3,201
Boyd Group Services Inc.	24,202	4,918	4,831
Cargojet Inc.	13,917	1,125	2,318

Mid Cap Canada Fund 8.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Hardwoods Distribution Inc.	123,392	2,444	5,528
K-Bro Linen Inc.	41,560	1,632	1,421
LifeWorks Inc.	107,383	2,163	2,741
Richelieu Hardware Ltd.	77,546	2,828	3,383
Stantec Inc.	28,021	1,128	1,991
Toromont Industries Ltd.	23,674	1,564	2,707
Information Technology			
Dye & Durham Ltd.	63,543	1,144	2,852
Enghouse Systems Ltd.	53,059	2,164	2,570
Kinaxis Inc.	43,525	2,811	7,719
Lightspeed Commerce Inc.	31,927	1,036	1,631
Tecsys Inc.	105,964	2,286	5,575
The Descartes Systems Group Inc.	5,178	255	542
Thinkific Labs Inc.	53,198	690	474
Materials			
Intertape Polymer Group Inc.	137,177	2,575	3,610
MAG Silver Corp.	147,221	2,433	2,919
Methanex Corp.	17,928	942	897
Stella-Jones Inc.	61,234	2,217	2,450
Winpak Ltd.	56,948	1,821	2,117
Real Estate			
Altus Group Ltd.	42,777	1,280	3,036
FirstService Corp.	11,404	804	2,835
InterRent REIT	123,865	2,065	2,144
Killam Apartment REIT	207,107	2,696	4,886
Minto Apartment REIT	109,949	2,097	2,407
Morguard Corp.	27,982	4,921	3,818
Tricon Residential Inc.	157,957	1,567	3,058
Utilities			
Borex Inc. Class A	142,539	2,962	4,943
Northland Power Inc.	110,721	2,478	4,202
Total Canadian Common Stock		91,976	136,777

Mid Cap Canada Fund 8.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Information Technology			
Anaplan Inc.	11,547	817	670
Smartsheet Inc.	17,849	1,314	1,749
Real Estate			
CyrusOne Inc. REIT	7,365	558	836
Total United States Common Stock		2,689	3,255
Total Stocks		94,665	140,032
Transaction Costs (see notes to financial statements (note 2))		(83)	
Total Investments		94,582	140,032

Mid Cap Canada Fund 8.02G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Mid Cap Canada Fund 8.02G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 3,255	\$ 34	\$ 3,289	\$ 33
Total	\$ 3,255	\$ 34	\$ 3,289	\$ 33
As Percent of Net Assets Attributable to Contractholders			2.3%	

*Includes both monetary and non-monetary instruments

Mid Cap Canada Fund 8.02G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 9,244	\$ 38	\$ 9,282	\$ 93
Total	\$ 9,244	\$ 38	\$ 9,282	\$ 93
As Percent of Net Assets Attributable to Contractholders			5.8%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,400 (\$1,599 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 140,032	\$ —	\$ —	\$ 140,032
Total assets measured at fair value	\$ 140,032	\$ —	\$ —	\$ 140,032

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 159,872	\$ —	\$ —	\$ 159,872
Total assets measured at fair value	\$ 159,872	\$ —	\$ —	\$ 159,872

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Mid Cap Canada Fund 8.02G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	22,386	21,253	29,352	46,482	45,260	28,685	24,589	27,203	33,839	36,651
Individual No-Load (IA)	14,091	16,199	17,732	21,997	26,418	18,046	19,247	17,340	17,361	23,823
Individual Back-End Load (IB)	17,541	20,504	23,393	28,657	32,657	23,481	25,464	23,910	23,640	30,801
Managed Money (IC)	3,800	4,391	5,067	6,205	7,181	3,358	3,551	3,327	3,244	4,231
75/75 guarantee policy	202,713	236,996	255,762	250,067	233,089	6,747	7,319	6,500	5,130	5,467
75/100 guarantee policy	140,320	172,920	192,006	182,788	207,380	4,547	5,210	4,771	3,674	4,776
100/100 guarantee policy	20,858	26,988	30,893	31,982	32,679	641	775	735	618	726
PS1 75/75 guarantee policy	293,998	291,598	280,400	289,979	268,811	6,994	6,406	5,047	4,193	4,423
PS1 75/100 guarantee policy	168,215	168,965	202,119	233,699	246,457	3,919	3,643	3,578	3,331	4,006
PS1 100/100 guarantee policy	34,717	39,464	37,836	37,964	36,673	780	823	651	528	583
PS2 75/75 guarantee policy	229,249	250,880	318,410	343,007	337,553	6,797	6,714	6,824	5,772	6,317
PS2 75/100 guarantee policy	103,600	119,423	137,413	157,237	165,292	3,072	3,196	2,945	2,646	3,093
PS2 100/100 guarantee policy	1,249	1,282	1,316	3,999	4,118	37	34	28	67	77
PS 75/75 guarantee policy	11,631	15,920	18,401	4,012	—	167	210	197	34	—
PS 75/100 guarantee policy	5,495	5,704	6,352	—	—	78	75	68	—	—
PPS 75/75 guarantee policy	12,284	9,173	3,398	—	—	179	122	37	—	—
PPS 75/100 guarantee policy	—	—	67	—	—	—	—	1	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	1,281.39	1,157.01	926.79	728.01	809.79	124.38	230.22
Individual No-Load (IA)	1,280.67	1,188.13	977.88	789.23	901.74	92.54	210.25
Individual Back-End Load (IB)	1,338.60	1,241.88	1,022.11	824.93	943.18	96.72	219.77
Managed Money (IC)	883.64	808.71	656.60	522.77	589.25	74.93	152.11
75/75 guarantee policy	33.29	30.88	25.42	20.51	23.45	2.41	5.46
75/100 guarantee policy	32.40	30.13	24.85	20.10	23.03	2.27	5.28
100/100 guarantee policy	30.75	28.71	23.78	19.31	22.22	2.04	4.93
PS1 75/75 guarantee policy	23.79	21.97	18.00	14.46	16.45	1.82	3.97
PS1 75/100 guarantee policy	23.29	21.56	17.70	14.25	16.25	1.73	3.86
PS1 100/100 guarantee policy	22.45	20.86	17.19	13.90	15.91	1.59	3.67
PS2 75/75 guarantee policy	29.65	26.76	21.43	16.83	18.71	2.89	5.33
PS2 75/100 guarantee policy	29.65	26.76	21.43	16.83	18.71	2.89	5.33
PS2 100/100 guarantee policy	29.65	26.76	21.43	16.83	18.71	2.89	5.33
PS 75/75 guarantee policy	14.34	13.16	10.71	8.55	—	1.18	2.45
PS 75/100 guarantee policy	14.23	13.09	10.68	—	—	1.14	2.41
PPS 75/75 guarantee policy	14.57	13.31	10.79	—	—	1.26	2.52
PPS 75/100 guarantee policy	—	—	10.76	—	—	—	—

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Mid Cap Canada Fund 8.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Mid Cap Canada Fund 8.02G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.74	2.74	2.75	2.79	3.03
Individual Back-End Load (IB)	2.74	2.74	2.75	2.79	2.81
Managed Money (IC)	1.38	1.38	1.39	1.39	1.50
75/75 guarantee policy	2.74	2.74	2.75	2.78	2.81
75/100 guarantee policy	2.96	2.96	2.97	3.00	3.03
100/100 guarantee policy	3.38	3.37	3.38	3.41	3.41
PS1 75/75 guarantee policy	2.29	2.29	2.29	2.30	2.29
PS1 75/100 guarantee policy	2.50	2.50	2.51	2.52	2.51
PS1 100/100 guarantee policy	2.89	2.88	2.89	2.91	2.90
PS 75/75 guarantee policy	1.66	1.65	1.66	1.66	—
PS 75/100 guarantee policy	1.87	1.87	1.87	—	—
PPS 75/75 guarantee policy	1.19	1.19	1.20	—	—
PPS 75/100 guarantee policy	—	—	1.42	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	31.08	26.46	19.50	29.56	40.13

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SCIENCE AND TECHNOLOGY FUND 9.01G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Science and Technology Fund 9.01G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Science and Technology Fund 9.01G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 676	\$ 2,031
Investment income due and accrued	18	20
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	105,765	85,089
Investment fund units	—	—
Total investments	105,765	85,089
Total assets	\$ 106,459	\$ 87,140
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	153	47
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	153	47
Net assets attributable to contractholders	\$ 106,306	\$ 87,093

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 20,827	\$ 26,034
Miscellaneous income (loss)	(15)	(6)
Total income	20,812	26,028
Expenses		
Management fees (note 7)	2,427	1,702
Transaction costs	19	16
Withholding taxes	141	59
Other	233	165
Total expenses	2,820	1,942
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 17,992	\$ 24,086

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 87,093	\$ 58,189
Contractholder deposits	20,178	17,845
Contractholder withdrawals	(18,957)	(13,027)
Increase (decrease) in net assets from operations attributable to contractholders	17,992	24,086
Change in net assets attributable to contractholders	19,213	28,904
Net assets attributable to contractholders - end of year	\$ 106,306	\$ 87,093

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(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 17,992	\$ 24,086
Adjustments		
Realized (gains) losses	(16,841)	(9,587)
Unrealized (gains) losses	(3,524)	(15,989)
Gross proceeds of disposition of investments	46,361	23,365
Gross payments for the purchase of investments	(46,672)	(25,903)
Change in investment income due and accrued	2	(3)
Change in due from/to The Canada Life Assurance Company	106	90
Change in due from/to brokers	—	255
	<u>(2,576)</u>	<u>(3,686)</u>
Financing Activities		
Contractholder deposits	20,178	17,845
Contractholder withdrawals	(18,957)	(13,027)
	<u>1,221</u>	<u>4,818</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,355)	1,132
Cash, short-term deposits and overdrafts, beginning of year	2,031	899
Cash, short-term deposits and overdrafts, end of year	\$ 676	\$ 2,031
Supplementary cash flow information		
Dividend income received	\$ 464	\$ 447

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Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Financials			
Nuvei Corp.	3,344	546	274
Nuvei Corp. [USD - Toronto]	10,370	714	852
Information Technology			
CGI Group Inc. Class A sub. voting	18,606	1,138	2,081
Constellation Software Inc.	1,951	1,887	4,579
Kinaxis Inc.	9,293	956	1,648
Lightspeed Commerce Inc.	13,845	800	707
Open Text Corp.	26,521	1,165	1,592
Shopify Inc. [CAD]	2,838	2,907	4,944
The Descartes Systems Group Inc.	9,728	361	1,018
Topicus.com Inc.	3,718	72	432
Total Canadian Common Stock		10,546	18,127
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	2,836	4,837	10,393
Comcast Corp. Class A	11,718	723	746
Meta Platforms Inc.	14,275	4,204	6,074
Netflix Inc.	3,552	2,542	2,707
The Walt Disney Co.	5,248	909	1,028
T-Mobile US Inc.	7,945	1,143	1,166
Consumer Discretionary			
Airbnb Inc.	2,421	573	510
Amazon.com Inc.	635	1,446	2,678
Health Care			
DexCom Inc.	333	273	226
Industrials			
Uber Technologies Inc.	21,147	1,495	1,122
Information Technology			
Adobe Inc.	1,665	462	1,194
Advanced Micro Devices Inc.	13,592	1,241	2,474

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Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
Analog Devices Inc.	3,472	507	772
Apple Inc.	45,193	4,250	10,152
Applied Materials Inc.	7,767	1,372	1,546
Broadcom Inc.	3,206	1,271	2,699
Cisco Systems Inc.	24,538	1,563	1,967
Fiserv Inc.	7,042	770	925
Lam Research Corp.	1,250	665	1,137
Marvell Technology Inc.	30,291	1,498	3,353
MasterCard Inc. Class A	4,905	1,491	2,230
Micron Technology Inc.	20,235	1,878	2,384
Microsoft Corp.	24,702	4,453	10,510
Motorola Solutions Inc.	4,900	1,200	1,684
NVIDIA Corp.	7,786	1,278	2,897
PayPal Holdings Inc.	9,004	1,241	2,148
Salesforce.com Inc.	7,556	1,903	2,429
ServiceNow Inc.	3,230	1,734	2,652
Snap Inc.	23,182	1,945	1,379
Texas Instruments Inc.	3,550	511	846
Visa Inc. Class A	9,050	1,765	2,481
Real Estate			
American Tower Corp. REIT Class A	795	128	294
Total United States Common Stock		51,271	84,803

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Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock			
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	10,995	1,129	1,673
United Kingdom			
Atlassian Corp. PLC	2,410	630	1,162
Total Global Common Stock		1,759	2,835
Total Stocks		63,576	105,765
Transaction Costs (see notes to financial statements (note 2))		(26)	
Total Investments		63,550	105,765

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Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Science and Technology Fund 9.01G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 88,490	\$ 608	\$ 89,098	\$ 891
Total	\$ 88,490	\$ 608	\$ 89,098	\$ 891
As Percent of Net Assets Attributable to Contractholders			83.8%	0.8%

*Includes both monetary and non-monetary instruments

Science and Technology Fund 9.01G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 73,703	\$ 14	\$ 73,717	\$ 737
Total	\$ 73,703	\$ 14	\$ 73,717	\$ 737
As Percent of Net Assets Attributable to Contractholders			84.6%	0.8%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,058 (\$851 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 105,765	\$ —	\$ —	\$ 105,765
Total assets measured at fair value	\$ 105,765	\$ —	\$ —	\$ 105,765

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 85,070	\$ 19	\$ —	\$ 85,089
Total assets measured at fair value	\$ 85,070	\$ 19	\$ —	\$ 85,089

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

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(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	24,770	25,445	24,586	24,572	24,884	17,479	15,043	10,322	7,752	7,470
Individual Back-End Load (IB)	23,027	21,644	20,225	23,962	26,242	16,862	13,279	8,812	7,845	8,180
Managed Money (IC)	894	722	626	788	918	859	573	348	324	354
75/75 guarantee policy	200,313	206,138	206,062	149,960	83,634	18,809	16,217	11,512	6,295	3,343
75/100 guarantee policy	181,011	184,345	174,315	164,682	106,904	16,677	14,248	9,581	6,810	4,215
100/100 guarantee policy	5,809	6,545	8,020	14,965	60,439	495	471	413	583	2,259
PS1 75/75 guarantee policy	175,243	153,517	144,146	127,867	82,087	12,681	9,259	6,143	4,074	2,477
PS1 75/100 guarantee policy	171,512	122,138	91,600	102,489	73,769	12,023	7,160	3,806	3,194	2,185
PS1 100/100 guarantee policy	1,551	6,078	7,980	2,454	139	103	340	318	74	4
PS2 75/75 guarantee policy	51,405	61,264	75,059	85,832	72,689	4,720	4,574	3,863	3,222	2,521
PS2 75/100 guarantee policy	28,584	35,837	20,413	11,680	5,083	2,624	2,676	1,051	439	176
PS 75/75 guarantee policy	35,050	63,229	72,032	56,873	—	718	1,073	858	504	—
PS 75/100 guarantee policy	1,630	1,646	2,613	598	—	33	28	31	5	—
PPS 75/75 guarantee policy	105,675	124,364	94,153	17,936	—	2,203	2,137	1,131	159	—
PPS 75/100 guarantee policy	975	913	—	—	—	20	15	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	705.66	591.20	419.86	315.48	300.18	114.46	171.34
Individual Back-End Load (IB)	732.27	613.50	435.69	327.38	311.72	118.77	177.81
Managed Money (IC)	960.34	793.20	555.34	411.41	385.98	167.14	237.86
75/75 guarantee policy	93.90	78.67	55.87	41.98	39.97	15.23	22.80
75/100 guarantee policy	92.13	77.29	54.96	41.35	39.43	14.84	22.33
100/100 guarantee policy	85.24	71.94	51.46	38.95	37.37	13.30	20.48
PS1 75/75 guarantee policy	72.36	60.32	42.62	31.86	30.18	12.04	17.70
PS1 75/100 guarantee policy	70.10	58.62	41.56	31.17	29.62	11.48	17.06
PS1 100/100 guarantee policy	66.45	55.87	39.82	30.03	28.70	10.58	16.05
PS2 75/75 guarantee policy	91.82	74.67	51.47	37.54	34.69	17.15	23.20
PS2 75/100 guarantee policy	91.82	74.67	51.47	37.54	34.69	17.15	23.20
PS 75/75 guarantee policy	20.48	16.97	11.92	8.86	—	3.51	5.05
PS 75/100 guarantee policy	20.38	16.91	11.90	8.85	—	3.47	5.01
PPS 75/75 guarantee policy	20.84	17.19	12.01	8.88	—	3.65	5.18
PPS 75/100 guarantee policy	20.61	17.05	—	—	—	3.56	5.10

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Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Science and Technology Fund 9.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Science and Technology Fund 9.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Science and Technology Fund 9.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Science and Technology Fund 9.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Science and Technology Fund 9.01G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.98	2.98	2.98	3.01	3.23
Individual Back-End Load (IB)	2.97	2.98	2.98	3.02	3.00
Managed Money (IC)	1.55	1.55	1.56	1.57	1.68
75/75 guarantee policy	2.98	2.98	2.98	3.01	2.98
75/100 guarantee policy	3.11	3.11	3.11	3.14	3.12
100/100 guarantee policy	3.71	3.72	3.72	3.82	3.74
PS1 75/75 guarantee policy	2.46	2.46	2.47	2.49	2.48
PS1 75/100 guarantee policy	2.78	2.79	2.79	2.82	2.80
PS1 100/100 guarantee policy	3.37	3.34	3.33	3.36	3.38
PS 75/75 guarantee policy	1.89	1.88	1.88	1.90	—
PS 75/100 guarantee policy	2.01	2.02	2.01	2.03	—
PPS 75/75 guarantee policy	1.37	1.37	1.37	1.38	—
PPS 75/100 guarantee policy	1.70	1.69	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	46.38	34.06	17.23	25.32	27.86

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

ETHICS FUND 9.02G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Ethics Fund 9.02G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Ethics Fund 9.02G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,765	\$ 275
Investment income due and accrued	100	86
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	2	2
Investments		
Bonds	—	—
Stocks	67,398	57,287
Investment fund units	—	—
Total investments	67,398	57,287
Total assets	\$ 69,265	\$ 57,650
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	2
Due to brokers	877	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	877	2
Net assets attributable to contractholders	\$ 68,388	\$ 57,648

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 13,860	\$ 4,241
Miscellaneous income (loss)	(4)	27
Total income	13,856	4,268
Expenses		
Management fees (note 7)	217	198
Transaction costs	51	50
Withholding taxes	2	6
Other	20	19
Total expenses	290	273
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 13,566	\$ 3,995

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 57,648	\$ 64,346
Contractholder deposits	4,602	6,482
Contractholder withdrawals	(7,428)	(17,175)
Increase (decrease) in net assets from operations attributable to contractholders	13,566	3,995
Change in net assets attributable to contractholders	10,740	(6,698)
Net assets attributable to contractholders - end of year	\$ 68,388	\$ 57,648

Ethics Fund 9.02G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 13,566	\$ 3,995
Adjustments		
Realized (gains) losses	(6,477)	(5,557)
Unrealized (gains) losses	(6,046)	2,749
Gross proceeds of disposition of investments	35,416	38,732
Gross payments for the purchase of investments	(33,004)	(29,719)
Change in investment income due and accrued	(14)	23
Change in due from/to The Canada Life Assurance Company	(2)	78
Change in due from/to brokers	877	(56)
	<u>4,316</u>	<u>10,245</u>
Financing Activities		
Contractholder deposits	4,602	6,482
Contractholder withdrawals	(7,428)	(17,175)
	<u>(2,826)</u>	<u>(10,693)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,490	(448)
Cash, short-term deposits and overdrafts, beginning of year	275	723
Cash, short-term deposits and overdrafts, end of year	\$ 1,765	\$ 275
Supplementary cash flow information		
Dividend income received	\$ 1,323	\$ 1,452

Ethics Fund 9.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	14,538	836	876
TELUS Corp.	34,141	860	1,017
TELUS International Inc.	7,272	257	304
Consumer Discretionary			
Aritzia Inc.	12,512	256	655
BRP Inc.	6,402	489	709
Canadian Tire Corp. Ltd. Class A non-voting	3,912	589	710
Dollarama Inc.	14,045	730	889
Magna International Inc.	6,767	520	693
Pet Valu Holdings Ltd.	21,730	540	784
Consumer Staples			
Alimentation Couche-Tard Inc.	21,676	730	1,149
Loblaw Companies Ltd.	12,443	859	1,290
Energy			
ARC Resources Ltd.	32,052	341	369
Canadian Natural Resources Ltd.	49,248	2,106	2,631
Headwater Exploration Inc.	88,022	326	453
Parkland Corp. of Canada	9,649	388	335
Pason Systems Inc.	47,600	465	549
Pembina Pipeline Corp.	28,263	1,083	1,084
Secure Energy Services Inc.	86,471	493	455
Tourmaline Oil Corp.	12,674	397	518
Financials			
Bank of Montreal	26,299	2,342	3,582
Brookfield Asset Management Inc.	37,356	1,335	2,854
Definity Financial Corp.	10,924	240	323
Intact Financial Corp.	12,336	1,549	2,028
National Bank of Canada	12,226	1,045	1,179
Royal Bank of Canada	44,520	3,235	5,976
Sun Life Financial Inc.	16,249	843	1,144
The Toronto-Dominion Bank	49,421	2,816	4,793
Thomson Reuters Corp.	3,787	389	573
TMX Group Ltd.	4,406	576	565

Ethics Fund 9.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Health Care			
dentalcorp Holdings Ltd.	30,724	432	500
Neighbourly Pharmacy Inc.	8,776	155	351
Industrials			
Boyd Group Services Inc.	4,362	877	871
Canadian National Railway Co.	12,585	993	1,955
Canadian Pacific Railway Ltd.	30,196	1,872	2,746
Stantec Inc.	10,487	388	745
TFI International Inc.	5,531	520	785
Toromont Industries Ltd.	5,531	375	633
Waste Connections Inc.	6,398	605	1,103
WSP Global Inc.	4,405	361	809
Information Technology			
CGI Group Inc. Class A sub. voting	11,007	649	1,231
Constellation Software Inc.	879	1,194	2,062
Dye & Durham Ltd.	8,468	156	380
Kinaxis Inc.	1,783	224	316
Open Text Corp.	21,115	1,007	1,268
Shopify Inc. [CAD]	1,124	2,037	1,958
Tecsys Inc.	3,936	158	207
The Descartes Systems Group Inc.	3,540	284	370
Materials			
Agnico Eagle Mines Ltd.	4,698	424	316
CCL Industries Inc. Class B non-voting	15,586	789	1,057
First Quantum Minerals Ltd.	11,834	290	358
Kirkland Lake Gold Ltd.	16,030	811	850
Major Drilling Group International Inc.	37,188	328	307
Methanex Corp.	9,010	439	451
Nutrien Ltd. [CAD]	14,171	936	1,347
Wheaton Precious Metals Corp.	14,922	831	810
Real Estate			
Allied Properties REIT	15,865	689	697
Colliers International Group Inc.	3,841	377	724

Ethics Fund 9.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities			
Boralex Inc. Class A	17,815	439	618
Northland Power Inc.	8,182	359	311
Total Canadian Common Stock		45,634	64,623
United States Common Stock			
Consumer Discretionary			
Amazon.com Inc.	118	454	498
Financials			
Digital Realty Trust Inc. REIT	1,786	323	400
Information Technology			
Microsoft Corp.	1,631	455	694
Visa Inc. Class A	2,582	705	708
Real Estate			
Equinix Inc. REIT	444	282	475
Total United States Common Stock		2,219	2,775
Total Stocks		47,853	67,398
Transaction Costs (see notes to financial statements (note 2))		(35)	
Total Investments		47,818	67,398

Ethics Fund 9.02G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Ethics Fund 9.02G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 2,775	\$ 97	\$ 2,872	\$ 29
Total	\$ 2,775	\$ 97	\$ 2,872	\$ 29
As Percent of Net Assets Attributable to Contractholders			4.2%	

*Includes both monetary and non-monetary instruments

Ethics Fund 9.02G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 3,924	\$ 6	\$ 3,930	\$ 39
Total	\$ 3,924	\$ 6	\$ 3,930	\$ 39
As Percent of Net Assets Attributable to Contractholders			6.8%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$674 (\$573 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 67,398	\$ —	\$ —	\$ 67,398
Total assets measured at fair value	\$ 67,398	\$ —	\$ —	\$ 67,398

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 57,150	\$ 137	\$ —	\$ 57,287
Total assets measured at fair value	\$ 57,150	\$ 137	\$ —	\$ 57,287

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Ethics Fund 9.02G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	31,337	27,585	30,372	31,184	28,032	17,651	12,492	12,976	11,016	10,660
Individual No-Load (IA)	4,928	5,680	6,151	7,543	8,781	3,048	2,900	3,041	3,166	4,072
Individual Back-End Load (IB)	5,082	5,828	6,676	8,489	10,857	3,260	3,085	3,423	3,694	5,225
Managed Money (IC)	426	495	621	655	717	360	340	408	360	430
75/75 guarantee policy	39,659	44,760	47,614	41,763	43,741	1,009	940	968	721	835
75/100 guarantee policy	28,715	29,496	30,880	32,316	31,649	717	609	619	551	598
100/100 guarantee policy	7,066	6,819	6,650	8,129	7,759	168	135	128	134	142
PS1 75/75 guarantee policy	7,153	4,490	6,285	8,889	9,356	158	81	110	131	152
PS1 75/100 guarantee policy	21,796	24,829	27,903	32,239	38,560	471	442	479	469	619
PS1 100/100 guarantee policy	1,422	753	499	330	157	30	13	8	5	2
PS2 75/75 guarantee policy	—	—	—	2,626	481	—	—	—	45	9
PS2 75/100 guarantee policy	—	4,272	4,359	4,464	5,804	—	94	90	76	107
PS 75/75 guarantee policy	605	908	2,468	3,089	—	8	10	26	27	—
PS 75/100 guarantee policy	1,821	—	—	—	—	24	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	563.25	452.87	427.24	353.25	380.30	110.38	25.63
Individual No-Load (IA)	618.57	510.51	494.42	419.67	463.75	108.06	16.09
Individual Back-End Load (IB)	641.47	529.42	512.72	435.21	481.25	112.05	16.70
Managed Money (IC)	844.30	687.35	656.61	549.74	599.11	156.95	30.74
75/75 guarantee policy	25.43	20.99	20.33	17.26	19.08	4.44	0.66
75/100 guarantee policy	24.98	20.66	20.06	17.06	18.90	4.32	0.60
100/100 guarantee policy	23.83	19.78	19.27	16.45	18.29	4.05	0.51
PS1 75/75 guarantee policy	22.06	18.12	17.47	14.76	16.24	3.94	0.65
PS1 75/100 guarantee policy	21.60	17.78	17.18	14.55	16.04	3.82	0.60
PS1 100/100 guarantee policy	20.92	17.28	16.75	14.23	15.74	3.64	0.53
PS2 75/75 guarantee policy	—	—	—	17.08	18.38	—	—
PS2 75/100 guarantee policy	—	21.91	20.66	17.08	18.38	—	1.25
PS 75/75 guarantee policy	13.53	11.04	10.58	8.88	—	2.49	0.46
PS 75/100 guarantee policy	13.42	—	—	—	—	2.44	—

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

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Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Ethics Fund 9.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Ethics Fund 9.02G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.65	2.65	2.67	2.72	2.99
Individual Back-End Load (IB)	2.65	2.65	2.67	2.72	2.78
Managed Money (IC)	1.28	1.28	1.29	1.29	1.39
75/75 guarantee policy	2.65	2.65	2.66	2.71	2.77
75/100 guarantee policy	2.86	2.87	2.88	2.89	2.88
100/100 guarantee policy	3.22	3.23	3.25	3.26	3.24
PS1 75/75 guarantee policy	2.18	2.20	2.20	2.21	2.20
PS1 75/100 guarantee policy	2.41	2.41	2.42	2.43	2.42
PS1 100/100 guarantee policy	2.72	2.73	2.75	2.75	2.75
PS 75/75 guarantee policy	1.55	1.56	1.57	1.56	—
PS 75/100 guarantee policy	1.75	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	51.26	55.93	37.84	25.20	39.09

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
U.S. EQUITY INVESTMENT FUND NO. 3

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Equity Investment Fund No. 3 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Equity Investment Fund No. 3

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 2,518	\$ 1,134
Investment income due and accrued	119	27
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	4	4
Investments		
Bonds	—	—
Stocks	185,396	135,789
Investment fund units	—	—
Total investments	185,396	135,789
Total assets	\$ 188,037	\$ 136,954
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	84	56
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	84	56
Net assets attributable to contractholders	\$ 187,953	\$ 136,898

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 50,183	\$ 15,664
Miscellaneous income (loss)	276	(111)
Total income	50,459	15,553
Expenses		
Management fees (note 7)	1,363	1,310
Transaction costs	62	66
Withholding taxes	200	224
Other	141	135
Total expenses	1,766	1,735
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 48,693	\$ 13,818

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 136,898	\$ 115,114
Contractholder deposits	42,160	31,518
Contractholder withdrawals	(39,798)	(23,552)
Increase (decrease) in net assets from operations attributable to contractholders	48,693	13,818
Change in net assets attributable to contractholders	51,055	21,784
Net assets attributable to contractholders - end of year	\$ 187,953	\$ 136,898

U.S. Equity Investment Fund No. 3

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 48,693	\$ 13,818
Adjustments		
Realized (gains) losses	(29,374)	(7,125)
Unrealized (gains) losses	(19,157)	(7,037)
Gross proceeds of disposition of investments	209,478	100,428
Gross payments for the purchase of investments	(210,554)	(108,292)
Change in investment income due and accrued	(92)	(6)
Change in due from/to The Canada Life Assurance Company	28	(14)
	<u>(978)</u>	<u>(8,228)</u>
Financing Activities		
Contractholder deposits	42,160	31,518
Contractholder withdrawals	(39,798)	(23,552)
	<u>2,362</u>	<u>7,966</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,384	(262)
Cash, short-term deposits and overdrafts, beginning of year	1,134	1,396
Cash, short-term deposits and overdrafts, end of year	\$ 2,518	\$ 1,134
Supplementary cash flow information		
Dividend income received	\$ 1,558	\$ 1,495

U.S. Equity Investment Fund No. 3

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	2,100	3,441	7,697
Consumer Discretionary			
Amazon.com Inc.	818	2,375	3,450
Starbucks Corp.	24,800	3,652	3,670
Consumer Staples			
Costco Wholesale Corp.	5,238	3,068	3,762
PepsiCo Inc.	16,899	3,408	3,714
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	6,243	3,594	3,751
Financials			
CME Group Inc.	6,434	1,530	1,859
Moody's Corp.	10,925	4,487	5,398
Nasdaq Inc.	22,551	3,945	5,991
Signature Bank	12,126	2,601	4,962
SVB Financial Group	2,941	1,816	2,523
Health Care			
Charles River Laboratories International Inc.	8,825	3,695	4,206
Stryker Corp.	22,099	6,727	7,476
Thermo Fisher Scientific Inc.	6,735	4,495	5,685
Industrials			
Danaher Corp.	19,580	5,865	8,150
Equifax Inc.	20,525	5,443	7,602
Verisk Analytics Inc. Class A	6,315	1,581	1,827
Information Technology			
Adobe Inc.	4,858	1,719	3,485
Amphenol Corp. Class A	69,025	5,633	7,637
Autodesk Inc.	9,731	3,700	3,461
Automatic Data Processing Inc.	18,123	5,393	5,653
Keysight Technologies Inc.	33,376	5,788	8,719
Microsoft Corp.	25,715	5,781	10,942

U.S. Equity Investment Fund No. 3

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Information Technology (continued)			
ON Semiconductor Corp.	45,962	3,581	3,949
Roper Industries Inc.	4,766	2,505	2,965
Synopsys Inc.	15,901	5,079	7,412
Texas Instruments Inc.	12,622	2,719	3,009
Total United States Common Stock		103,621	138,955
Global Common Stock			
France			
Schneider Electric SA	23,069	4,358	5,725
Hong Kong			
Techtronic Industries Co. Ltd.	169,231	3,374	4,261
Ireland			
Accenture PLC Class A	19,186	6,285	10,061
Aon Corp.	21,516	5,750	8,181
Steris PLC	17,983	4,514	5,537
Trane Technologies PLC	26,775	5,160	6,843
Switzerland			
Alcon Inc. ADR	52,925	4,487	5,833
Total Global Common Stock		33,928	46,441
Total Stocks		137,549	185,396
Transaction Costs (see notes to financial statements (note 2))		(38)	
Total Investments		137,511	185,396

U.S. Equity Investment Fund No. 3

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Equity Investment Fund No. 3 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

U.S. Equity Investment Fund No. 3

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 175,410	\$ 2,505	\$ 177,915	\$ 1,779
Other Currencies	9,986	9	9,995	100
Total	\$ 185,396	\$ 2,514	\$ 187,910	\$ 1,879
As Percent of Net Assets Attributable to Contractholders			100.0%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 135,789	\$ 834	\$ 136,623	\$ 1,366
Total	\$ 135,789	\$ 834	\$ 136,623	\$ 1,366
As Percent of Net Assets Attributable to Contractholders			99.8%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,854 (\$1,358 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

U.S. Equity Investment Fund No. 3

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 185,396	\$ —	\$ —	\$ 185,396
Total assets measured at fair value	\$ 185,396	\$ —	\$ —	\$ 185,396

	2020			
	Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 135,789	\$ —	\$ —	\$ 135,789
Total assets measured at fair value	\$ 135,789	\$ —	\$ —	\$ 135,789

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Equity Investment Fund No. 3

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	5,161	5,595	5,553	5,937	6,497	22,992	18,948	16,437	14,420	15,557
Individual No-Load (IA)	19,235	23,091	27,089	33,752	38,572	15,572	14,598	15,375	16,149	18,685
Individual Back-End Load (IB)	21,248	25,196	29,776	35,277	38,633	18,107	16,766	17,788	17,766	19,712
Managed Money (IC)	6,701	7,578	8,060	9,273	12,948	3,546	3,089	2,909	2,783	3,880
75/75 guarantee policy	160,149	166,362	210,633	225,095	188,084	7,397	6,000	6,820	6,144	5,202
75/100 guarantee policy	97,770	121,775	137,605	141,179	135,655	4,415	4,304	4,376	3,793	3,700
100/100 guarantee policy	6,788	10,186	11,533	13,794	9,747	295	348	355	360	259
PS1 75/75 guarantee policy	216,952	170,827	193,675	192,545	206,786	8,808	5,391	5,462	4,556	4,934
PS1 75/100 guarantee policy	110,812	112,540	120,214	125,589	90,402	4,380	3,467	3,319	2,918	2,123
PS1 100/100 guarantee policy	2,516	2,699	3,136	3,151	3,407	96	80	84	71	78
PS2 75/75 guarantee policy	136,998	145,767	157,724	213,891	219,711	6,917	5,593	5,287	5,882	5,954
PS2 75/100 guarantee policy	24,850	30,076	28,746	31,242	40,017	1,255	1,154	964	859	1,084
PS 75/75 guarantee policy	7,851	65,368	67,219	43,322	—	123	793	724	389	—
PS 75/100 guarantee policy	373	798	2,935	3,404	—	6	10	31	31	—
PPS 75/75 guarantee policy	96,961	194,658	172,736	80,560	—	1,548	2,388	1,873	725	—
PPS 75/100 guarantee policy	147	148	—	—	—	2	2	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	4,455.30	3,386.71	2,959.79	2,428.81	2,394.46	1,068.59	426.92
Individual No-Load (IA)	809.59	632.18	567.56	478.45	484.42	177.41	64.62
Individual Back-End Load (IB)	852.16	665.42	597.40	503.61	510.25	186.74	68.02
Managed Money (IC)	529.20	407.58	360.91	300.08	299.67	121.62	46.67
75/75 guarantee policy	46.19	36.07	32.38	27.30	27.66	10.12	3.69
75/100 guarantee policy	45.16	35.34	31.80	26.87	27.28	9.82	3.54
100/100 guarantee policy	43.51	34.14	30.81	26.10	26.57	9.37	3.33
PS1 75/75 guarantee policy	40.60	31.56	28.20	23.66	23.86	9.04	3.36
PS1 75/100 guarantee policy	39.53	30.81	27.61	23.23	23.49	8.72	3.20
PS1 100/100 guarantee policy	38.09	29.80	26.81	22.64	22.98	8.29	2.99
PS2 75/75 guarantee policy	50.49	38.37	33.52	27.50	27.10	12.12	4.85
PS2 75/100 guarantee policy	50.49	38.37	33.52	27.50	27.10	12.12	4.85
PS 75/75 guarantee policy	15.71	12.13	10.77	8.98	—	3.58	1.36
PS 75/100 guarantee policy	15.58	12.06	10.73	8.97	—	3.52	1.33
PPS 75/75 guarantee policy	15.96	12.27	10.84	9.00	—	3.69	1.43
PPS 75/100 guarantee policy	15.79	12.18	—	—	—	3.61	1.38

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Equity Investment Fund No. 3

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Equity Investment Fund No. 3

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.72	2.72	2.73	2.77	3.05
Individual Back-End Load (IB)	2.72	2.72	2.73	2.77	2.82
Managed Money (IC)	1.34	1.34	1.35	1.36	1.48
75/75 guarantee policy	2.72	2.72	2.73	2.76	2.81
75/100 guarantee policy	2.94	2.94	2.95	2.97	2.97
100/100 guarantee policy	3.23	3.22	3.24	3.24	3.25
PS1 75/75 guarantee policy	2.26	2.26	2.27	2.28	2.28
PS1 75/100 guarantee policy	2.53	2.54	2.55	2.55	2.55
PS1 100/100 guarantee policy	2.92	2.92	2.92	2.95	2.96
PS 75/75 guarantee policy	1.62	1.62	1.62	1.63	—
PS 75/100 guarantee policy	1.84	1.85	1.85	1.85	—
PPS 75/75 guarantee policy	1.16	1.16	1.16	1.16	—
PPS 75/100 guarantee policy	1.48	1.43	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	125.03	89.04	79.80	86.78	142.01

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. MID CAP FUND 9.03G

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Mid Cap Fund 9.03G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Mid Cap Fund 9.03G

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 851	\$ 365
Investment income due and accrued	15	38
Due from The Canada Life Assurance Company (note 7)	—	6
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	32,472	38,758
Investment fund units	—	—
Total investments	32,472	38,758
Total assets	\$ 33,338	\$ 39,167
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	22	—
Due to brokers	212	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	234	—
Net assets attributable to contractholders	\$ 33,104	\$ 39,167

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 8,403	\$ 6,635
Miscellaneous income (loss)	7	115
Total income	8,410	6,750
Expenses		
Management fees (note 7)	548	460
Transaction costs	19	29
Withholding taxes	48	81
Other	53	45
Total expenses	668	615
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 7,742	\$ 6,135

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 39,167	\$ 40,819
Contractholder deposits	1,952	2,921
Contractholder withdrawals	(15,757)	(10,708)
Increase (decrease) in net assets from operations attributable to contractholders	7,742	6,135
Change in net assets attributable to contractholders	(6,063)	(1,652)
Net assets attributable to contractholders - end of year	\$ 33,104	\$ 39,167

U.S. Mid Cap Fund 9.03G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 7,742	\$ 6,135
Adjustments		
Realized (gains) losses	(12,911)	(4,146)
Unrealized (gains) losses	4,868	(1,932)
Gross proceeds of disposition of investments	69,914	34,073
Gross payments for the purchase of investments	(55,585)	(26,497)
Change in investment income due and accrued	23	(11)
Change in due from/to The Canada Life Assurance Company	28	(10)
Change in due from/to brokers	212	—
	<u>14,291</u>	<u>7,612</u>
Financing Activities		
Contractholder deposits	1,952	2,921
Contractholder withdrawals	(15,757)	(10,708)
	<u>(13,805)</u>	<u>(7,787)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	486	(175)
Cash, short-term deposits and overdrafts, beginning of year	365	540
Cash, short-term deposits and overdrafts, end of year	\$ 851	\$ 365
Supplementary cash flow information		
Dividend income received	\$ 383	\$ 545

U.S. Mid Cap Fund 9.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
Bright Horizons Family Solutions Inc.	8,109	1,443	1,291
Carter's Inc.	10,329	1,220	1,323
Frontdoor Inc.	29,267	1,814	1,357
Polo Ralph Lauren Corp. Class A	7,049	953	1,060
Financials			
First Republic Bank	2,185	412	571
Markel Corp.	669	875	1,044
Signature Bank	2,214	389	906
The Progressive Corp.	10,421	1,242	1,353
Health Care			
Amedisys Inc.	2,394	488	490
Dentsply Sirona Inc.	19,876	1,421	1,403
Premier Inc.	23,805	1,064	1,240
Syneos Health Inc.	10,064	899	1,307
Industrials			
A.O. Smith Corp.	8,388	579	911
CoStar Group Inc.	10,675	1,104	1,067
Equifax Inc.	2,061	492	763
Wabtec Corp.	12,829	1,226	1,495
Information Technology			
Akamai Technologies Inc.	10,941	1,455	1,620
Alteryx Inc.	13,968	1,268	1,069
Broadridge Financial Solutions Inc.	3,930	745	909
Cirrus Logic Inc.	13,157	1,348	1,532
Dolby Laboratories Inc.	7,267	856	875
Gartner Inc.	1,171	238	495
Keysight Technologies Inc.	5,189	880	1,356
MAXIMUS Inc.	12,934	1,261	1,304
Motorola Solutions Inc.	4,321	990	1,485
SS&C Technologies Holdings Inc.	13,371	1,152	1,387
Vontier Corp.	31,727	1,290	1,233
Total United States Common Stock		27,104	30,846

U.S. Mid Cap Fund 9.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock			
Bermuda			
Genpact Ltd.	19,187	1,028	1,288
Ireland			
Allegion PLC	2,018	294	338
Total Global Common Stock		1,322	1,626
Total Stocks		28,426	32,472
Transaction Costs (see notes to financial statements (note 2))		(11)	
Total Investments		28,415	32,472

U.S. Mid Cap Fund 9.03G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Mid Cap Fund 9.03G (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 32,472	\$ 835	\$ 33,307	\$ 333
Total	\$ 32,472	\$ 835	\$ 33,307	\$ 333
As Percent of Net Assets Attributable to Contractholders			100.6%	1.0%

*Includes both monetary and non-monetary instruments

U.S. Mid Cap Fund 9.03G

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 38,758	\$ 302	\$ 39,060	\$ 391
Total	\$ 38,758	\$ 302	\$ 39,060	\$ 391
As Percent of Net Assets Attributable to Contractholders			99.7%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$325 (\$388 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 32,472	\$ —	\$ —	\$ 32,472
Total assets measured at fair value	\$ 32,472	\$ —	\$ —	\$ 32,472
2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 38,758	\$ —	\$ —	\$ 38,758
Total assets measured at fair value	\$ 38,758	\$ —	\$ —	\$ 38,758

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Mid Cap Fund 9.03G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	12,181	13,482	25,107	49,285	51,541	4,909	4,250	6,693	10,263	11,016
Individual No-Load (IA)	9,750	11,341	12,454	14,783	16,543	4,104	3,839	3,666	3,496	4,130
Individual Back-End Load (IB)	12,326	14,219	16,765	18,175	20,920	5,382	4,994	5,120	4,458	5,422
Managed Money (IC)	3,337	3,350	3,671	3,868	4,395	1,913	1,525	1,435	1,200	1,420
75/75 guarantee policy	67,013	80,084	90,993	83,287	71,342	2,829	2,719	2,686	1,975	1,788
75/100 guarantee policy	46,990	58,038	67,087	69,285	47,422	1,912	1,906	1,922	1,599	1,160
100/100 guarantee policy	2,575	4,173	4,377	9,484	5,975	99	130	119	209	140
PS1 75/75 guarantee policy	117,552	96,859	93,938	105,386	104,315	4,566	3,010	2,525	2,264	2,354
PS1 75/100 guarantee policy	56,939	57,725	51,636	56,478	44,056	2,154	1,752	1,359	1,191	979
PS1 100/100 guarantee policy	1,644	1,686	3,373	2,107	2,370	59	49	86	43	51
PS2 75/75 guarantee policy	53,527	58,787	60,660	87,060	82,586	2,604	2,236	1,950	2,186	2,128
PS2 75/100 guarantee policy	27,664	28,198	37,957	20,898	29,064	1,345	1,073	1,220	525	749
PS2 100/100 guarantee policy	—	—	—	—	3,076	—	—	—	—	79
PS 75/75 guarantee policy	3,006	5,678	5,304	—	—	48	73	58	—	—
PS 75/100 guarantee policy	3,488	3,570	4,824	—	—	55	45	53	—	—
PPS 75/75 guarantee policy	68,676	67,399	62,250	26,307	—	1,125	874	691	231	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	403.00	315.25	266.57	208.24	213.74	87.75	48.68
Individual No-Load (IA)	420.92	338.55	294.36	236.45	249.64	82.37	44.19
Individual Back-End Load (IB)	436.67	351.21	305.38	245.30	259.16	85.46	45.83
Managed Money (IC)	573.27	455.31	390.92	310.07	323.08	117.96	64.39
75/75 guarantee policy	42.22	33.95	29.52	23.71	25.06	8.27	4.43
75/100 guarantee policy	40.69	32.84	28.64	23.08	24.46	7.85	4.20
100/100 guarantee policy	38.32	31.06	27.21	22.02	23.45	7.26	3.85
PS1 75/75 guarantee policy	38.84	31.08	26.88	21.48	22.57	7.76	4.20
PS1 75/100 guarantee policy	37.83	30.35	26.33	21.10	22.22	7.48	4.02
PS1 100/100 guarantee policy	36.26	29.22	25.46	20.49	21.68	7.04	3.76
PS2 75/75 guarantee policy	48.64	38.04	32.15	25.11	25.76	10.60	5.89
PS2 75/100 guarantee policy	48.64	38.04	32.15	25.11	25.76	10.60	5.89
PS2 100/100 guarantee policy	—	—	—	—	25.76	—	—
PS 75/75 guarantee policy	16.10	12.81	11.01	—	—	3.29	1.80
PS 75/100 guarantee policy	15.91	12.70	10.96	—	—	3.21	1.74
PPS 75/75 guarantee policy	16.38	12.97	11.09	8.77	—	3.41	1.88

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Mid Cap Fund 9.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Mid Cap Fund 9.03G
Notes to the Financial Statements
(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Mid Cap Fund 9.03G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.81	2.82	2.83	2.93	3.27
Individual Back-End Load (IB)	2.81	2.82	2.83	2.93	3.05
Managed Money (IC)	1.55	1.56	1.56	1.57	1.67
75/75 guarantee policy	2.81	2.82	2.83	2.92	3.05
75/100 guarantee policy	3.14	3.15	3.16	3.22	3.31
100/100 guarantee policy	3.57	3.58	3.61	3.67	3.80
PS1 75/75 guarantee policy	2.29	2.30	2.31	2.34	2.37
PS1 75/100 guarantee policy	2.57	2.58	2.59	2.61	2.64
PS1 100/100 guarantee policy	3.01	3.02	3.02	3.07	3.09
PS 75/75 guarantee policy	1.72	1.72	1.72	—	—
PS 75/100 guarantee policy	2.05	2.05	2.05	—	—
PPS 75/75 guarantee policy	1.20	1.21	1.21	1.21	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	163.47	68.86	75.91	89.47	66.56

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INCOME INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Income Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Income Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 3,254	\$ 7,163
Investment income due and accrued	592	593
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	81,033	93,728
Stocks	43,618	32,741
Investment fund units	—	—
Total investments	<u>124,651</u>	<u>126,469</u>
Total assets	<u>\$ 128,497</u>	<u>\$ 134,225</u>
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	57	50
Due to brokers	42	—
Due to outside parties	—	—
Derivatives (note 7)	11	—
Total liabilities excluding net assets attributable to contractholders	<u>110</u>	<u>50</u>
Net assets attributable to contractholders	<u>\$ 128,387</u>	<u>\$ 134,175</u>

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 8,848	\$ 6,947
Miscellaneous income (loss)	32	33
Total income	<u>8,880</u>	<u>6,980</u>
Expenses		
Management fees (note 8)	1,056	1,232
Transaction costs	10	20
Withholding taxes	—	—
Other	117	129
Total expenses	<u>1,183</u>	<u>1,381</u>
Net increase (decrease) in net assets from operations attributable to contractholders	<u>\$ 7,697</u>	<u>\$ 5,599</u>

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 134,175	\$ 141,825
Contractholder deposits	3,406	7,181
Contractholder withdrawals	(16,891)	(20,430)
Increase (decrease) in net assets from operations attributable to contractholders	<u>7,697</u>	<u>5,599</u>
Change in net assets attributable to contractholders	<u>(5,788)</u>	<u>(7,650)</u>
Net assets attributable to contractholders - end of year	<u>\$ 128,387</u>	<u>\$ 134,175</u>

Income Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 7,697	\$ 5,599
Adjustments		
Add back amortization of premium (discount)	(90)	—
Realized (gains) losses	(3,693)	(984)
Unrealized (gains) losses	(1,326)	(1,747)
Gross proceeds of disposition of investments	99,519	62,814
Gross payments for the purchase of investments	(92,581)	(48,749)
Change in investment income due and accrued	1	37
Change in due from/to The Canada Life Assurance Company	7	(32)
Change in due from/to brokers	42	—
	<u>9,576</u>	<u>16,938</u>
Financing Activities		
Contractholder deposits	3,406	7,181
Contractholder withdrawals	(16,891)	(20,430)
	<u>(13,485)</u>	<u>(13,249)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(3,909)	3,689
Cash, short-term deposits and overdrafts, beginning of year	7,163	3,474
Cash, short-term deposits and overdrafts, end of year	\$ 3,254	\$ 7,163
Supplementary cash flow information		
Interest income received	\$ 2,150	\$ 2,629
Dividend income received	1,581	1,603

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2030	525,000	524	524
Canada Housing Trust No. 1 1.80% 12-15-2024	900,000	897	913
Canada Housing Trust No. 1 1.95% 12-15-2025	590,000	613	602
Canada Housing Trust No. 1 2.35% 06-15-2023	2,780,000	2,787	2,835
Canada Housing Trust No. 1 2.90% 06-15-2024	1,450,000	1,537	1,508
Canada Housing Trust No. 1 Floating Rate 09-15-2026	1,500,000	1,500	1,503
Government of Canada 0.75% 10-01-2024	311,000	307	308
Government of Canada 1.00% 09-01-2026	2,741,000	2,700	2,710
Government of Canada 1.50% 06-01-2031	643,000	640	648
Government of Canada 1.75% 12-01-2053	20,000	20	20
Government of Canada 2.00% 12-01-2051	1,180,000	1,240	1,270
Government of Canada 3.00% 12-01-2036 Real Return	1,482,000	2,921	3,110
Total Federal Government		15,686	15,951
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	100,000	107	106
Province of Alberta 2.55% 06-01-2027	425,000	411	444
Province of Alberta 2.95% 06-01-2052	540,000	553	587
Province of Alberta 3.05% 12-01-2048	135,000	140	148
Province of Alberta 3.10% 06-01-2050	70,000	74	78
Province of Alberta 3.45% 12-01-2043	850,000	894	977
Province of British Columbia 1.55% 06-18-2031	1,880,000	1,782	1,812
Province of British Columbia 2.30% 06-18-2026	650,000	625	672
Province of British Columbia 2.75% 06-18-2052	10,000	10	11
Province of British Columbia 2.80% 06-18-2048	60,000	61	64
Province of British Columbia 2.95% 06-18-2050	2,378,000	2,609	2,639
Province of Manitoba 2.05% 09-05-2052	335,000	273	302
Province of Manitoba 3.20% 03-05-2050	545,000	580	618
Province of New Brunswick 2.35% 08-14-2027	600,000	569	620
Province of Nova Scotia 4.50% 06-01-2037	550,000	649	697
Province of Ontario 1.55% 11-01-2029	537,000	536	525
Province of Ontario 1.90% 12-02-2051	168,000	139	149
Province of Ontario 2.25% 12-02-2031	141,000	141	143
Province of Ontario 2.65% 12-02-2050	520,000	539	541
Province of Ontario 3.45% 06-02-2045	110,000	126	129
Province of Quebec 1.50% 09-01-2031	2,202,000	2,175	2,106

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Quebec 3.10% 12-01-2051	2,160,000	2,428	2,475
Province of Quebec 3.50% 12-01-2045	550,000	598	656
Province of Quebec 3.50% 12-01-2048	190,000	220	230
Province of Quebec 4.25% 12-01-2043	387,000	435	507
Province of Saskatchewan 2.15% 06-02-2031	720,000	719	727
Province of Saskatchewan 2.80% 12-02-2052	113,000	114	120
Province of Saskatchewan 3.10% 06-02-2050	130,000	138	145
Total Provincial Governments		17,645	18,228
Municipal Governments			
City of Montreal 3.00% 09-01-2027	570,000	568	605
City of Toronto 2.40% 06-07-2027	465,000	439	482
Municipal Finance Authority of British Columbia 2.95% 10-14-2024	525,000	565	548
Total Municipal Governments		1,572	1,635
Corporate - Non-convertible			
407 International Inc. 4.19% 04-25-2042	505,000	536	594
407 International Inc. 6.47% 07-27-2029	263,000	364	337
Aeroports de Montreal 3.03% 04-21-2050	110,000	110	111
Aeroports de Montreal 3.36% 04-24-2047	450,000	456	478
AIMCo Realty Investors LP 2.195% 11-04-2026	57,000	57	58
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	14,000	16	15
Algonquin Power Co. 2.85% 07-15-2031	103,000	103	104
Allied Properties REIT 1.726% 02-12-2026	25,000	25	24
AltaGas Ltd. 2.166% 03-16-2027	45,000	45	44
AltaLink LP 3.668% 11-06-2023	325,000	336	339
AltaLink LP 3.99% 06-30-2042	525,000	556	610
ARC Resources Ltd. 2.354% 03-10-2026	81,000	81	81
ARC Resources Ltd. 3.465% 03-10-2031	80,000	80	82
Bank of Montreal 1.551% 05-28-2026	112,000	112	110
Bank of Montreal 1.758% 03-10-2026	142,000	142	141
Bank of Montreal 1.928% 07-22-2031	93,000	93	92
Bank of Montreal 2.37% 02-03-2025	257,000	264	261
BCI QuadReal Realty 1.056% 03-12-2024	43,000	43	43
BCI QuadReal Realty 1.073% 02-04-2026	64,000	64	62

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
BCIMC Realty Corp. 2.15% 08-11-2022	550,000	550	554
Bell Canada Inc. 1.65% 08-16-2027	37,000	36	36
Bell Canada Inc. 2.20% 05-29-2028	80,000	80	79
Bell Canada Inc. 2.90% 09-10-2029	170,000	174	174
Bell Canada Inc. 3.50% 09-30-2050	25,000	26	24
Bell Canada Inc. 4.45% 02-27-2047	10,000	12	11
BMW Canada Inc. 0.99% 01-14-2025	38,000	38	37
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	320,000	310	313
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	52,000	59	55
Brookfield Renewable Partners ULC 3.33% 08-13-2050	40,000	37	40
Brookfield Renewable Partners ULC 3.38% 01-15-2030	18,000	20	19
Brookfield Renewable Partners ULC 4.25% 01-15-2029	334,000	381	372
Bruce Power LP 4.00% 06-21-2030	69,000	77	76
Calgary Airport Authority 3.199% 10-07-2036	27,000	27	28
Canada Housing Trust No. 1 Floating Rate 03-15-2026	826,000	829	829
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2,000,000	2,015	2,012
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	800,000	798	774
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	146,000	146	144
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	1,578,000	1,610	1,586
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	68,000	68	67
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	184,000	184	184
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	849,000	850	851
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	117,000	117	117
Canadian Natural Resources Ltd. 3.55% 06-03-2024	580,000	578	602
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	150,000	150	153
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	525,000	567	608
Canadian Western Bank 1.926% 04-16-2026	87,000	87	86
Canadian Western Bank 2.606% 01-30-2025	38,000	39	39
Canadian Western Bank Floating Rate 01-22-2024	133,000	133	133
Capital Power Corp. 4.284% 09-18-2024	89,000	98	94
CDP Financial Inc. 1.50% 10-19-2026	154,000	154	154
Cenovus Energy Inc. 3.55% 03-12-2025	520,000	518	541
CGI Inc. 2.10% 09-18-2028	40,000	40	39
Choice Properties REIT 2.456% 11-30-2026	33,000	33	33
Choice Properties REIT 2.848% 05-21-2027	62,000	63	64
Cogeco Communications Inc. 2.991% 09-22-2031	81,000	81	81
CPPIB Capital Inc. 3.00% 06-15-2028	370,000	376	399

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Crombie REIT 2.686% 03-31-2028	120,000	120	120
Crombie REIT 3.133% 08-12-2031	30,000	30	30
CU Inc. 4.085% 09-02-2044	60,000	67	70
CU Inc. 4.543% 10-24-2041	985,000	1,116	1,211
CU Inc. 5.556% 10-30-2037	125,000	172	167
Dream Industrial REIT 1.662% 12-22-2025	41,000	41	40
Dream Industrial REIT 2.057% 06-17-2027	52,000	52	51
Dream Industrial REIT 2.539% 12-07-2026	43,000	43	43
Enbridge Gas Inc. 2.90% 04-01-2030	600,000	624	626
Enbridge Gas Inc. 3.20% 09-15-2051	33,000	33	34
Enbridge Gas Inc. 3.65% 04-01-2050	10,000	11	11
Enbridge Inc. 3.10% 09-21-2033	129,000	129	127
Enbridge Inc. 5.375% 09-27-2077	541,000	569	572
Enbridge Inc. 6.625% 04-12-2078	290,000	337	329
Enbridge Pipelines Inc. 4.33% 02-22-2049	50,000	52	54
Enbridge Pipelines Inc. 5.33% 04-06-2040	370,000	427	443
Energir Inc. 2.10% 04-16-2027	53,000	54	54
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	153,000	153	160
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	180,000	194	193
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	260,000	260	251
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	61,000	61	60
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	270,000	274	276
Fortified Trust 1.964% 10-23-2026	133,000	133	133
Granite REIT Holdings LP 2.194% 08-30-2028	68,000	68	67
Greater Toronto Airports Authority 3.04% 09-21-2022	720,000	730	728
Greater Toronto Airports Authority 5.30% 02-25-2041	400,000	497	539
Greater Toronto Airports Authority 6.47% 02-02-2034	697,000	976	960
H&R REIT 2.633% 02-19-2027	102,000	102	102
H&R REIT 2.906% 06-02-2026	182,000	186	185
H&R REIT 4.071% 06-16-2025	179,000	193	189
Honda Canada Finance Inc. 1.337% 03-17-2026	70,000	70	68
Honda Canada Finance Inc. 1.646% 02-25-2028	100,000	100	97
Honda Canada Finance Inc. Floating Rate 02-26-2024	105,000	105	105
Hydro One Inc. 2.23% 09-17-2031	90,000	90	89
Hydro One Inc. 3.10% 09-15-2051	20,000	19	20
Hyundai Capital Canada Inc. 2.008% 05-12-2026	50,000	50	50
Intact Financial Corp. 2.179% 05-18-2028	52,000	52	52

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Intact Financial Corp. 4.125% 03-31-2081	20,000	20	20
Inter Pipeline Ltd. 3.173% 03-24-2025	290,000	296	297
Inter Pipeline Ltd. 3.484% 12-16-2026	117,000	124	121
John Deere Financial Inc. 1.63% 04-09-2026	24,000	24	24
Keyera Corp. 3.959% 05-29-2030	116,000	124	123
Laurentian Bank of Canada 1.15% 06-03-2024	69,000	69	68
Laurentian Bank of Canada 1.603% 05-06-2026	21,000	21	21
Loblaw Companies Ltd. 4.86% 03-12-2023	255,000	277	267
Lower Mattagami Energy LP 2.433% 05-14-2031	67,000	67	68
Manulife Bank of Canada 1.536% 09-14-2026	94,000	94	92
Manulife Financial Corp. 3.375% 06-19-2081	200,000	200	194
Manulife Financial Corp. 4.10% 03-19-2082	71,000	71	70
Morgan Stanley Floating Rate 03-21-2025	451,000	451	452
National Bank of Canada 1.534% 06-15-2026	60,000	60	59
National Bank of Canada 2.237% 11-04-2026	81,000	81	82
National Bank of Canada 2.545% 07-12-2024	901,000	943	920
National Bank of Canada 2.58% 02-03-2025	355,000	367	363
NAV CANADA 2.063% 05-29-2030	78,000	78	77
North West Redwater Partnership 2.80% 06-01-2027	96,000	99	99
North West Redwater Partnership 3.20% 04-24-2026	710,000	708	741
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	147,000	147	147
Pembina Pipeline Corp. 3.53% 12-10-2031	52,000	52	53
Pembina Pipeline Corp. 4.54% 04-03-2049	20,000	20	21
Pembina Pipeline Corp. 4.67% 05-28-2050	20,000	21	22
Pembina Pipeline Corp. 4.74% 01-21-2047	25,000	27	27
Pembina Pipeline Corp. 4.75% 03-26-2048	345,000	363	377
Pembina Pipeline Corp. 4.81% 03-25-2044	288,000	306	315
Prime Structured Mortgage Trust 1.856% 11-15-2024	89,000	89	89
PSP Capital Inc. 2.05% 01-15-2030	227,000	230	230
Reliance LP 2.67% 08-01-2028	71,000	71	71
Reliance LP 2.68% 12-01-2027	90,000	91	90
RioCan REIT 2.829% 11-08-2028	28,000	28	28
Royal Bank of Canada 1.67% 01-28-2033	135,000	135	129
Royal Bank of Canada 1.833% 07-31-2028	149,000	149	146
Royal Bank of Canada 2.088% 06-30-2030	381,000	385	381
Royal Bank of Canada 2.14% 11-03-2031	114,000	114	113
Royal Bank of Canada 2.328% 01-28-2027	544,000	561	550

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 2.74% 07-25-2029	372,000	380	380
Sagen MI Canada Inc. 3.261% 03-05-2031	63,000	63	64
Sagen MI Canada Inc. 4.95% 03-24-2081	45,000	45	45
Saputo Inc. 2.297% 06-22-2028	36,000	36	36
Sienna Senior Living Inc. 2.82% 03-31-2027	24,000	24	24
Sobeys Inc. 4.70% 08-08-2023	550,000	550	573
Summit Industrial Income REIT 1.82% 04-01-2026	181,000	179	178
Summit Industrial Income REIT 2.25% 01-12-2027	36,000	36	36
Summit Industrial Income REIT 2.44% 07-14-2028	34,000	34	34
Sun Life Financial Inc. 2.38% 08-13-2029	260,000	266	264
Sun Life Financial Inc. 2.58% 05-10-2032	401,000	411	408
Sun Life Financial Inc. 2.80% 11-21-2033	130,000	130	133
Sun Life Financial Inc. 3.60% 06-30-2081	83,000	83	82
Sun Life Financial Inc. 5.40% 05-29-2042	375,000	433	478
Sun Life Financial Inc. Floating Rate 09-19-2028	716,000	733	734
Suncor Energy Inc. 3.10% 05-24-2029	200,000	206	206
Suncor Energy Inc. 3.95% 03-04-2051	44,000	43	44
TELUS Corp. 2.05% 10-07-2030	90,000	85	85
TELUS Corp. 2.85% 11-13-2031	57,000	57	57
TELUS Corp. 3.15% 02-19-2030	125,000	133	129
TELUS Corp. 3.30% 05-02-2029	181,000	191	190
TELUS Corp. 3.95% 02-16-2050	99,000	104	101
TELUS Corp. 4.85% 04-05-2044	399,000	487	460
The Bank of Nova Scotia 1.40% 11-01-2027	281,000	273	270
The Bank of Nova Scotia 2.16% 02-03-2025	64,000	67	65
The Bank of Nova Scotia 3.10% 02-02-2028	1,023,000	1,029	1,089
The Bank of Nova Scotia 3.70% 07-27-2081	148,000	148	145
The Bank of Nova Scotia Floating Rate 08-04-2026	142,000	142	142
The Empire Life Insurance Co. 3.625% 04-17-2026	35,000	35	35
The Independent Order of Foresters 2.885% 10-15-2035	66,000	66	67
The Toronto-Dominion Bank 1.888% 03-08-2028	350,000	350	345
The Toronto-Dominion Bank 1.896% 09-11-2028	166,000	166	163
The Toronto-Dominion Bank 1.943% 03-13-2025	186,000	193	187
The Toronto-Dominion Bank 3.105% 04-22-2030	40,000	42	41
The Toronto-Dominion Bank 3.60% 10-31-2081	85,000	85	83
Thomson Reuters Corp. 2.239% 05-14-2025	200,000	206	202
TMX Group Ltd. 2.016% 02-12-2031	41,000	41	40

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Toronto Hydro Corp. 2.47% 10-20-2031	49,000	49	50
Tourmaline Oil Corp. 2.077% 01-25-2028	31,000	31	30
Tourmaline Oil Corp. 2.529% 02-12-2029	35,000	35	35
Toyota Credit Canada Inc. 1.18% 02-23-2026	70,000	70	68
Toyota Credit Canada Inc. 2.35% 07-18-2022	830,000	825	838
TransCanada PipeLines Ltd. 3.30% 07-17-2025	153,000	164	160
TransCanada PipeLines Ltd. 3.39% 03-15-2028	680,000	697	714
TransCanada PipeLines Ltd. 3.80% 04-05-2027	400,000	438	427
TransCanada PipeLines Ltd. 4.18% 07-03-2048	40,000	45	42
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	400,000	419	412
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	140,000	140	140
TransCanada Trust 4.20% 03-04-2081	154,000	154	152
Transcontinental Inc. 2.28% 07-13-2026	25,000	25	25
Ventas Canada Finance Ltd. 2.45% 01-04-2027	57,000	57	57
Ventas Canada Finance Ltd. 2.80% 04-12-2024	125,000	128	128
Ventas Canada Finance Ltd. 3.30% 12-01-2031	63,000	63	64
Waste Management of Canada Corp. 2.60% 09-23-2026	146,000	153	150
WSP Global Inc. 2.408% 04-19-2028	135,000	136	135
Total Corporate - Non-convertible		41,178	41,489
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	40,000	16	16
Laurentian Bank of Canada 0.878% 03-01-2026	615,000	583	577
Merrill Lynch 0.988% 03-01-2026	220,000	204	201
Scotia Capital Inc. 0.89% 09-01-2026	60,000	58	58
Total Mortgage Backed		861	852
Total Canadian Bonds		76,942	78,155
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	167,000	167	167
Bank of America Corp. 1.978% 09-15-2027	50,000	50	49
Bank of America Corp. 2.598% 04-04-2029	866,000	884	875
Bank of America Corp. Floating Rate 09-15-2027	94,000	94	95

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Goldman Sachs Group Inc. Floating Rate 04-29-2025	202,000	202	202
Nestle Holdings Inc. 2.192% 01-26-2029	69,000	69	70
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	46,000	55	58
The Goldman Sachs Group Inc. 2.599% 11-30-2027	130,000	130	132
The Walt Disney Co. 3.057% 03-30-2027	409,000	434	424
Verizon Communications Inc. 2.375% 03-22-2028	312,000	309	312
Wells Fargo & Co. 2.975% 05-19-2026	50,000	54	52
Total Corporate - Non-convertible		2,448	2,436
Total United States Bonds		2,448	2,436
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	50,000	55	56
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	48,000	60	59
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	104,000	104	104
Heathrow Funding Ltd. 3.726% 04-13-2033	81,000	83	84
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	24,000	30	30
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	110,000	110	109
Total Global Bonds		442	442
Total Bonds		79,832	81,033
Canadian Common Stock			
Communication Services			
BCE Inc.	39,010	2,105	2,568
Rogers Communications Inc. Class B non-voting	13,254	755	798

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Communication Services (continued)			
TELUS Corp.	70,945	1,521	2,113
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	1,538	258	279
Magna International Inc.	8,957	622	917
Restaurant Brands International Inc.	8,817	677	676
Consumer Staples			
Alimentation Couche-Tard Inc.	14,684	542	778
Empire Co. Ltd. Class A non-voting	15,120	466	583
George Weston Ltd.	10,680	1,071	1,566
Loblaw Companies Ltd.	4,485	251	465
Saputo Inc.	15,738	532	449
Energy			
Canadian Natural Resources Ltd.	13,067	443	698
Enbridge Inc. [CAD]	34,750	1,560	1,717
Hydro One Ltd.	14,007	340	461
Suncor Energy Inc.	36,288	1,152	1,149
TC Energy Corp.	22,634	1,335	1,332
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	4,696	456	444
Mackenzie Emerging Markets Local Currency Bond Index ETF *	10,001	938	852
Financials			
Bank of Montreal	24,240	2,046	3,301
Brookfield Asset Management Inc.	8,076	427	617
Canadian Imperial Bank of Commerce	18,945	1,875	2,793
CI Financial Corp.	15,001	331	397
Manulife Financial Corp.	39,095	800	943
National Bank of Canada	5,652	338	545
Royal Bank of Canada	26,019	2,249	3,493
Sun Life Financial Inc.	22,246	1,021	1,566
The Bank of Nova Scotia	37,197	2,387	3,331
The Toronto-Dominion Bank	37,371	2,197	3,625

*The issuer of this security is a related company to the issuer of the Fund.

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials			
Canadian National Railway Co.	7,313	819	1,136
Canadian Pacific Railway Ltd.	4,294	390	391
Materials			
Agnico Eagle Mines Ltd.	7,145	550	480
Barrick Gold Corp.	9,729	307	234
Nutrien Ltd. [CAD]	11,119	643	1,057
Real Estate			
Boardwalk REIT	12,112	365	664
First Capital REIT	21,806	415	411
Utilities			
Capital Power Corp.	10,742	296	424
Fortis Inc.	5,987	263	365
Total Canadian Common Stock		32,743	43,618
Total Stocks		32,743	43,618

Income Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(60)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 7,259	CAD 120.98	(5)
(3)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 591	CAD 197.13	(6)
Derivatives - Liabilities						(11)
Total Futures Contracts						(11)

Total Derivative Instruments at Fair Value (11)

Total Investments 112,575 124,640

Income Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Income Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Income Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 147	\$ 191	\$ 338	\$ 3
Total	\$ 147	\$ 191	\$ 338	\$ 3
As Percent of Net Assets Attributable to Contractholders				0.3%
				—%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 64	\$ 64	\$ 1
Total	\$ —	\$ 64	\$ 64	\$ 1
As Percent of Net Assets Attributable to Contractholders				—%
				—%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 2,120	\$ 28,836	\$ 23,240	\$ 26,837	\$ 81,033

2020

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 2,687	\$ 31,261	\$ 27,007	\$ 32,773	\$ 93,728

Income Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$5,904 (\$7,856 at December 31, 2020) or approximately 4.6% (5.9% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 9)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	16.2	10.2	10.9	7.6
AA	26.5	16.7	39.2	27.4
A	27.6	17.4	38.5	26.9
BBB	29.4	18.6	11.4	8.0
BB and lower	0.1	0.1	—	—
NR *	0.2	0.1	—	—
Total	100.0	63.1	100.0	69.9

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Income Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$436 (\$327 at December 31, 2020) or approximately 0.3% (0.2% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Bonds	\$	—	\$ 81,033	\$ —	\$ 81,033
Stocks		43,618	—	—	43,618
Total assets measured at fair value		\$ 43,618	\$ 81,033	\$ —	\$ 124,651
<u>Liabilities measured at fair value</u>					
Derivatives ⁽¹⁾	\$	11	\$ —	\$ —	\$ 11
Net assets attributable to contractholders measured at fair value		\$ 43,607	\$ 81,033	\$ —	\$ 124,640

⁽¹⁾ Excludes collateral pledged to counterparties of \$272.

		2020			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Bonds	\$	—	\$ 93,728	\$ —	\$ 93,728
Stocks		32,741	—	—	32,741
Derivatives		—	—	—	—
Total assets measured at fair value		\$ 32,741	\$ 93,728	\$ —	\$ 126,469

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Income Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	94,886	93,647	93,262	100,708	101,168	64,806	59,715	56,395	55,529	56,729
Individual No-Load (IA)	23,900	28,251	34,829	43,720	52,393	15,616	17,607	21,030	24,591	30,606
Individual Back-End Load (IB)	10,903	14,117	17,260	20,657	26,627	7,494	9,256	10,964	12,223	16,376
Managed Money (IC)	6,682	8,934	10,108	18,474	23,175	3,653	4,611	5,001	8,426	10,864
75/75 guarantee policy	468,573	597,971	734,354	809,692	886,816	7,397	9,005	10,714	11,004	12,526
75/100 guarantee policy	483,834	588,030	669,811	757,383	846,299	7,580	8,792	9,708	10,231	11,888
100/100 guarantee policy	36,899	47,288	62,263	70,246	93,208	574	702	897	944	1,303
PS1 75/75 guarantee policy	303,080	349,949	497,511	515,787	632,376	4,257	4,680	6,433	6,202	7,886
PS1 75/100 guarantee policy	289,926	342,965	376,684	433,392	562,277	4,051	4,564	4,850	5,192	6,990
PS1 100/100 guarantee policy	49,183	52,210	44,653	66,406	76,197	679	687	569	787	938
PS2 75/75 guarantee policy	407,902	508,563	553,831	652,212	590,147	6,936	8,071	8,333	8,945	8,228
PS2 75/100 guarantee policy	247,057	332,396	366,137	438,367	412,950	4,201	5,276	5,509	6,012	5,758
PS2 100/100 guarantee policy	926	1,290	1,442	9,919	10,237	16	20	22	136	143
PS 75/75 guarantee policy	36,048	41,198	42,742	8,042	—	419	452	449	78	—
PS 75/100 guarantee policy	45,546	51,063	54,140	2,987	—	528	559	568	29	—
PPS 75/75 guarantee policy	5,484	6,047	19,609	22,643	—	64	67	207	219	—
PPS 75/100 guarantee policy	9,959	10,055	16,709	—	—	116	111	176	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	682.99	637.67	604.70	551.38	560.74	45.32	32.97
Individual No-Load (IA)	653.36	623.24	603.81	562.47	584.16	30.12	19.43
Individual Back-End Load (IB)	687.36	655.67	635.23	591.74	614.99	31.69	20.44
Managed Money (IC)	546.74	516.08	494.78	456.10	468.79	30.66	21.30
75/75 guarantee policy	15.79	15.06	14.59	13.59	14.12	0.73	0.47
75/100 guarantee policy	15.67	14.95	14.49	13.51	14.05	0.72	0.46
100/100 guarantee policy	15.56	14.86	14.41	13.44	13.98	0.70	0.45
PS1 75/75 guarantee policy	14.04	13.37	12.93	12.02	12.47	0.67	0.44
PS1 75/100 guarantee policy	13.97	13.31	12.88	11.98	12.43	0.66	0.43
PS1 100/100 guarantee policy	13.80	13.16	12.74	11.86	12.31	0.64	0.42
PS2 75/75 guarantee policy	17.00	15.87	15.05	13.71	13.94	1.13	0.82
PS2 75/100 guarantee policy	17.01	15.87	15.05	13.71	13.94	1.14	0.82
PS2 100/100 guarantee policy	17.00	15.87	15.04	13.71	13.94	1.13	0.83
PS 75/75 guarantee policy	11.62	10.96	10.51	9.68	—	0.66	0.45
PS 75/100 guarantee policy	11.60	10.95	10.50	9.68	—	0.65	0.45
PPS 75/75 guarantee policy	11.70	11.02	10.54	9.69	—	0.68	0.48
PPS 75/100 guarantee policy	11.68	11.00	10.53	—	—	0.68	0.47

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
 - Registered Savings Plans,
 - Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Income Investment Fund No. 1

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.18	2.18	2.18	2.22	2.46
Individual Back-End Load (IB)	2.18	2.18	2.18	2.21	2.24
Managed Money (IC)	1.13	1.13	1.13	1.14	1.24
75/75 guarantee policy	2.18	2.18	2.18	2.21	2.23
75/100 guarantee policy	2.24	2.23	2.23	2.26	2.29
100/100 guarantee policy	2.30	2.29	2.29	2.31	2.33
PS1 75/75 guarantee policy	1.99	1.99	1.99	2.00	1.99
PS1 75/100 guarantee policy	2.05	2.04	2.04	2.06	2.04
PS1 100/100 guarantee policy	2.10	2.10	2.10	2.15	2.21
PS 75/75 guarantee policy	1.07	1.07	1.07	1.07	—
PS 75/100 guarantee policy	1.13	1.13	1.12	1.12	—
PPS 75/75 guarantee policy	0.89	0.89	0.88	0.88	—
PPS 75/100 guarantee policy	0.94	0.94	0.94	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	73.60	37.58	16.69	25.85	34.98

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY/BOND INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity/Bond Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity/Bond Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 492	\$ 2,240
Investment income due and accrued	169	185
Due from The Canada Life Assurance Company (note 9)	—	16
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	18,058	27,107
Stocks	57,149	41,139
Investment fund units (note 3)	3,962	7,552
Derivatives (note 8)	6	—
Total investments	<u>79,175</u>	<u>75,798</u>
Total assets	<u>\$ 79,836</u>	<u>\$ 78,239</u>
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 9)	22	1
Due to brokers	—	26
Due to outside parties	—	—
Derivatives (note 8)	14	—
Total liabilities excluding net assets attributable to contractholders	<u>36</u>	<u>27</u>
Net assets attributable to contractholders	<u>\$ 79,800</u>	<u>\$ 78,212</u>

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 12,501	\$ 5,576
Miscellaneous income (loss)	33	(106)
Total income	<u>12,534</u>	<u>5,470</u>
Expenses		
Management fees (note 9)	1,736	1,727
Transaction costs	35	34
Withholding taxes	21	23
Other	146	145
Total expenses	<u>1,938</u>	<u>1,929</u>
Net increase (decrease) in net assets from operations attributable to contractholders	<u>\$ 10,596</u>	<u>\$ 3,541</u>

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 78,212	\$ 84,349
Contractholder deposits	1,682	580
Contractholder withdrawals	(10,690)	(10,258)
Increase (decrease) in net assets from operations attributable to contractholders	<u>10,596</u>	<u>3,541</u>
Change in net assets attributable to contractholders	<u>1,588</u>	<u>(6,137)</u>
Net assets attributable to contractholders - end of year	<u>\$ 79,800</u>	<u>\$ 78,212</u>

Canadian Equity/Bond Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		(note 10)
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 10,596	\$ 3,541
Adjustments		
Add back amortization of premium (discount)	(19)	(1)
Realized (gains) losses	(8,663)	(4,368)
Unrealized (gains) losses	(2,270)	519
Gross proceeds of disposition of investments	72,124	55,986
Gross payments for the purchase of investments	(64,535)	(44,122)
Change in investment income due and accrued	16	16
Change in due from/to The Canada Life Assurance Company	37	(40)
Change in due from/to brokers	(26)	(2)
	<u>7,260</u>	<u>11,529</u>
Financing Activities		
Contractholder deposits	1,682	580
Contractholder withdrawals	(10,690)	(10,258)
	<u>(9,008)</u>	<u>(9,678)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,748)	1,851
Cash, short-term deposits and overdrafts, beginning of year	2,240	389
Cash, short-term deposits and overdrafts, end of year	\$ 492	\$ 2,240
Supplementary cash flow information		
Interest income received	\$ 609	\$ 747
Dividend income received	955	992

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2030	65,000	65	65
Government of Canada 0.50% 12-01-2050 Real Return	178,000	225	234
Government of Canada 0.75% 10-01-2024	21,000	21	21
Government of Canada 1.00% 09-01-2026	851,000	838	840
Government of Canada 1.50% 06-01-2031	39,000	39	39
Government of Canada 1.50% 12-01-2044 Real Return	60,000	100	103
Government of Canada 1.75% 12-01-2053	20,000	20	20
Government of Canada 2.00% 12-01-2051	648,000	680	696
Muskrat Falls 3.86% 12-01-2048	153,000	156	198
Muskrat Falls/Labrador Transmissions Assets Funding 3.83% 06-01-2037	170,000	173	205
Total Federal Government		2,317	2,421
Provincial Governments			
Hydro-Quebec 4.00% 02-15-2055	97,000	137	131
Ontario Power Generation Inc. 3.215% 04-08-2030	68,000	71	72
Province of Alberta 2.95% 06-01-2052	60,000	61	65
Province of Alberta 3.05% 12-01-2048	85,000	88	93
Province of Alberta 3.10% 06-01-2050	241,000	255	268
Province of British Columbia 1.55% 06-18-2031	280,000	265	270
Province of British Columbia 2.75% 06-18-2052	220,000	216	237
Province of British Columbia 2.95% 06-18-2050	74,000	78	82
Province of Manitoba 2.85% 09-05-2046	229,000	221	242
Province of Nova Scotia 3.15% 12-01-2051	124,000	147	141
Province of Ontario 1.55% 11-01-2029	132,000	132	129
Province of Ontario 2.25% 12-02-2031	1,222,000	1,220	1,239
Province of Ontario 2.65% 12-02-2050	31,000	32	32
Province of Ontario 3.45% 06-02-2045	80,000	91	94
Province of Quebec 1.50% 09-01-2031	308,000	293	295
Province of Quebec 3.50% 12-01-2048	30,000	35	36
Province of Quebec 4.25% 12-01-2043	342,000	411	448
Province of Saskatchewan 2.80% 12-02-2052	130,000	131	138
Province of Saskatchewan 3.10% 06-02-2050	430,000	456	478
Total Provincial Governments		4,340	4,490

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Governments			
City of Toronto 4.70% 06-10-2041	175,000	186	229
Total Municipal Governments		186	229
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	20,000	20	20
AIMCo Realty Investors LP 2.195% 11-04-2026	14,000	14	14
AIMCo Realty Investors LP 2.712% 06-01-2029	89,000	91	92
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	72,000	82	78
Algonquin Power Co. 2.85% 07-15-2031	22,000	22	22
Allied Properties REIT 1.726% 02-12-2026	7,000	7	7
AltaGas Ltd. 2.166% 03-16-2027	43,000	43	42
ARC Resources Ltd. 2.354% 03-10-2026	24,000	24	24
ARC Resources Ltd. 3.465% 03-10-2031	24,000	24	25
Bank of Montreal 1.551% 05-28-2026	32,000	32	31
Bank of Montreal 1.758% 03-10-2026	41,000	41	41
Bank of Montreal 1.928% 07-22-2031	23,000	23	23
Bank of Montreal 2.077% 06-17-2030	27,000	27	27
Bank of Montreal 2.37% 02-03-2025	16,000	16	16
Bank of Montreal 4.30% 11-26-2025	26,000	26	27
BCI QuadReal Realty 1.056% 03-12-2024	13,000	13	13
BCI QuadReal Realty 1.073% 02-04-2026	19,000	19	18
BCIMC Realty Corp. 2.84% 06-03-2025	50,000	52	52
Bell Canada Inc. 1.65% 08-16-2027	2,000	2	2
Bell Canada Inc. 2.20% 05-29-2028	33,000	33	33
Bell Canada Inc. 2.90% 09-10-2029	41,000	44	42
Bell Canada Inc. 3.35% 03-12-2025	13,000	13	14
Bell Canada Inc. 3.50% 09-30-2050	24,000	25	23
BMW Canada Inc. 0.99% 01-14-2025	11,000	11	11
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	56,000	56	58
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	82,000	90	90
Brookfield Infrastructure Partners 3.315% 02-22-2024	34,000	34	35
Brookfield Property Finance ULC 3.93% 01-15-2027	116,000	116	117
Brookfield Property Finance ULC 4.30% 03-01-2024	180,000	181	183
Brookfield Property Finance ULC 4.346% 07-03-2023	48,000	50	49
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	87,000	98	93
Brookfield Renewable Partners ULC 3.33% 08-13-2050	15,000	15	15

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Brookfield Renewable Partners ULC 3.38% 01-15-2030	57,000	57	60
Brookfield Renewable Partners ULC 4.29% 11-05-2049	76,000	76	88
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	8,000	8	8
Bruce Power LP 4.00% 06-21-2030	20,000	22	22
Calgary Airport Authority 3.199% 10-07-2036	7,000	7	7
Canada Housing Trust No. 1 Floating Rate 03-15-2026	205,000	206	205
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	120,000	120	116
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	73,000	73	72
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	57,000	58	57
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	16,000	16	16
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	10,000	10	10
Canadian National Railway Co. 3.00% 02-08-2029	23,000	23	24
Canadian Natural Resources Ltd. 2.50% 01-17-2028	39,000	39	39
Canadian Natural Resources Ltd. 3.42% 12-01-2026	98,000	98	103
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	36,000	36	37
Canadian Western Bank 1.57% 09-14-2023	8,000	8	8
Canadian Western Bank 1.926% 04-16-2026	25,000	25	25
Canadian Western Bank 2.606% 01-30-2025	9,000	9	9
Canadian Western Bank 5.00% 07-31-2081	7,000	7	7
Canadian Western Bank 6.00% 04-30-2081	12,000	12	13
Canadian Western Bank Floating Rate 01-22-2024	38,000	38	38
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	4,000	4	4
Capital Power Corp. 4.284% 09-18-2024	100,000	110	106
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	25,000	25	26
CDP Financial Inc. 1.50% 10-19-2026	37,000	37	37
Cenovus Energy Inc. 3.50% 02-07-2028	120,000	120	126
Central 1 Credit Union 2.584% 12-06-2023	86,000	86	88
CGI Inc. 2.10% 09-18-2028	10,000	10	10
Choice Properties REIT 2.456% 11-30-2026	8,000	8	8
Choice Properties REIT 2.848% 05-21-2027	41,000	42	42
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	49,000	51	51
Cogeco Communications Inc. 2.991% 09-22-2031	12,000	12	12
Corus Entertainment Inc. 5.00% 05-11-2028	7,000	7	7
Crombie REIT 3.133% 08-12-2031	7,000	7	7
Crombie REIT 3.677% 08-26-2026	18,000	18	19
CT REIT 2.371% 01-06-2031	26,000	26	25

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CU Inc. 4.085% 09-02-2044	10,000	11	12
Curaleaf Holdings Inc. 8.00% 12-15-2026	10,000	13	13
Dollarama Inc. 1.505% 09-20-2027	20,000	20	19
Dream Industrial REIT 1.662% 12-22-2025	12,000	12	12
Dream Industrial REIT 2.057% 06-17-2027	29,000	29	29
Dream Industrial REIT 2.539% 12-07-2026	10,000	10	10
Enbridge Gas Inc. 3.20% 09-15-2051	6,000	6	6
Enbridge Inc. 3.10% 09-21-2033	191,000	189	188
Enbridge Inc. 5.375% 09-27-2077	97,000	99	103
Enbridge Inc. 6.625% 04-12-2078	20,000	23	23
Enbridge Pipelines Inc. 3.79% 08-17-2023	59,000	63	61
Enbridge Pipelines Inc. 4.33% 02-22-2049	10,000	10	11
EPCOR Utilities Inc. 3.554% 11-27-2047	10,000	10	11
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	45,000	45	47
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	48,000	52	51
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	15,000	15	15
First National Financial Corp. 2.961% 11-17-2025	13,000	13	13
Ford Credit Canada Co. 2.961% 09-16-2026	8,000	8	8
Fortified Trust 1.964% 10-23-2026	32,000	32	32
Gibson Energy Inc. 3.60% 09-17-2029	53,000	53	56
Gibson Energy Inc. 5.25% 12-22-2030	36,000	36	36
Granite REIT Holdings LP 2.194% 08-30-2028	17,000	17	17
Granite REIT Holdings LP 2.378% 12-18-2030	10,000	10	10
Granite REIT Holdings LP 3.062% 06-04-2027	10,000	10	10
Greater Toronto Airports Authority 2.75% 10-17-2039	84,000	84	83
H&R REIT 2.633% 02-19-2027	24,000	24	24
H&R REIT 2.906% 06-02-2026	28,000	29	28
H&R REIT 4.071% 06-16-2025	28,000	30	30
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	38,000	38	39
Honda Canada Finance Inc. 1.646% 02-25-2028	30,000	30	29
Hydro One Inc. 1.41% 10-15-2027	33,000	33	32
Hydro One Inc. 2.23% 09-17-2031	22,000	22	22
Hydro One Inc. 3.10% 09-15-2051	10,000	10	10
Hyundai Capital Canada Inc. 2.008% 05-12-2026	14,000	14	14
iA Financial Corp. Inc. 2.40% 02-21-2025	14,000	14	14
Intact Financial Corp. 2.179% 05-18-2028	15,000	15	15
Intact Financial Corp. 4.125% 03-31-2081	6,000	6	6

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Inter Pipeline Ltd. 3.484% 12-16-2026	55,000	55	57
Inter Pipeline Ltd. 3.983% 11-25-2031	70,000	70	72
Inter Pipeline Ltd. 4.232% 06-01-2027	10,000	11	11
Inter Pipeline Ltd. 6.875% 03-26-2079	17,000	17	18
John Deere Financial Inc. 1.63% 04-09-2026	7,000	7	7
Keyera Corp. 3.959% 05-29-2030	26,000	28	28
Keyera Corp. 5.95% 03-10-2081	19,000	19	20
Kruger Packaging Holdings LP 6.00% 06-01-2026	23,000	23	24
Kruger Products LP 5.375% 04-09-2029	3,000	3	3
Laurentian Bank of Canada 1.15% 06-03-2024	20,000	20	20
Laurentian Bank of Canada 1.603% 05-06-2026	6,000	6	6
Laurentian Bank of Canada 4.25% 06-22-2027	131,000	132	133
Loblaw Companies Ltd. 6.54% 02-17-2033	40,000	47	52
Lower Mattagami Energy LP 2.433% 05-14-2031	19,000	19	19
Manulife Bank of Canada 1.536% 09-14-2026	23,000	23	23
Manulife Financial Corp. 3.049% 08-20-2029	177,000	181	182
Manulife Financial Corp. 4.10% 03-19-2082	17,000	17	17
MCAP Commercial LP 3.743% 08-25-2025	24,000	24	25
Metro Inc. 3.413% 02-28-2050	47,000	47	46
Metro Inc. 5.03% 12-01-2044	12,000	13	15
Morgan Stanley Floating Rate 03-21-2025	57,000	57	57
National Bank of Canada 1.534% 06-15-2026	17,000	17	17
National Bank of Canada 2.237% 11-04-2026	19,000	19	19
National Bank of Canada 2.58% 02-03-2025	114,000	116	117
National Bank of Canada 3.183% 02-01-2028	58,000	60	59
National Bank of Canada 4.05% 08-15-2081	23,000	23	23
National Bank of Canada 4.30% 11-15-2025	54,000	54	56
North West Redwater Partnership 2.80% 06-01-2027	28,000	29	29
North West Redwater Partnership 3.70% 02-23-2043	10,000	10	10
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	58,000	58	58
OMERS Finance Trust 2.60% 05-14-2029	67,000	67	70
OMERS Realty Corp. 3.628% 06-05-2030	19,000	22	21
Ontario Power Generation Inc. 2.893% 04-08-2025	75,000	81	78
Parkland Corp. of Canada 3.875% 06-16-2026	54,000	54	54
Parkland Corp. of Canada 4.375% 03-26-2029	95,000	95	94
Parkland Corp. of Canada 4.50% 10-01-2029 144A	70,000	88	89

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Parkland Corp. of Canada 6.00% 06-23-2028	42,000	42	44
Pembina Pipeline Corp. 2.56% 06-01-2023	71,000	71	72
Pembina Pipeline Corp. 3.53% 12-10-2031	12,000	12	12
Pembina Pipeline Corp. 4.02% 03-27-2028	30,000	32	32
Pembina Pipeline Corp. 4.54% 04-03-2049	10,000	10	11
Pembina Pipeline Corp. 4.74% 01-21-2047	7,000	8	8
Pembina Pipeline Corp. 4.75% 03-26-2048	11,000	12	12
Pembina Pipeline Corp. 4.80% 01-25-2031	30,000	30	30
Pembina Pipeline Corp. 4.81% 03-25-2044	17,000	18	19
Prime Structured Mortgage Trust 1.856% 11-15-2024	21,000	21	21
PSP Capital Inc. 2.05% 01-15-2030	27,000	27	27
Reliance LP 2.67% 08-01-2028	21,000	21	21
Reliance LP 2.68% 12-01-2027	34,000	34	34
Reliance LP 3.75% 03-15-2026	18,000	18	19
RioCan REIT 2.361% 03-10-2027	25,000	25	25
RioCan REIT 2.576% 02-12-2025	50,000	50	51
RioCan REIT 2.829% 11-08-2028	7,000	7	7
Rogers Communication Inc. 5.00% 12-17-2081	38,000	38	39
Royal Bank of Canada 1.67% 01-28-2033	39,000	39	37
Royal Bank of Canada 1.833% 07-31-2028	37,000	37	36
Royal Bank of Canada 2.088% 06-30-2030	15,000	15	15
Royal Bank of Canada 2.14% 11-03-2031	28,000	28	28
Royal Bank of Canada 2.328% 01-28-2027	26,000	26	26
Royal Bank of Canada 2.88% 12-23-2029	302,000	307	308
Royal Bank of Canada 3.65% 11-24-2081	34,000	34	33
Royal Bank of Canada 4.50% 11-24-2080	9,000	9	9
Russel Metals Inc. 5.75% 10-27-2025	50,000	50	53
Sagen MI Canada Inc. 3.261% 03-05-2031	44,000	44	45
Sagen MI Canada Inc. 4.95% 03-24-2081	13,000	13	13
Saputo Inc. 2.242% 06-16-2027	37,000	37	37
Saputo Inc. 2.297% 06-22-2028	10,000	10	10
Shaw Communications Inc. 4.40% 11-02-2028	46,000	54	51
Shaw Communications Inc. 6.75% 11-09-2039	19,000	21	25
Sienna Senior Living Inc. 2.82% 03-31-2027	7,000	7	7
SmartCentres REIT 3.526% 12-20-2029	48,000	48	50
SmartCentres REIT 3.834% 12-21-2027	19,000	20	20
Summit Industrial Income REIT 1.82% 04-01-2026	16,000	16	16

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Summit Industrial Income REIT 2.25% 01-12-2027	31,000	31	31
Summit Industrial Income REIT 2.44% 07-14-2028	8,000	8	8
Sun Life Financial Inc. 2.06% 10-01-2035	58,000	58	55
Sun Life Financial Inc. 2.38% 08-13-2029	107,000	107	109
Sun Life Financial Inc. 2.58% 05-10-2032	86,000	89	88
Sun Life Financial Inc. 2.80% 11-21-2033	31,000	31	32
Sun Life Financial Inc. 3.60% 06-30-2081	24,000	24	24
Suncor Energy Inc. 3.10% 05-24-2029	63,000	66	65
Suncor Energy Inc. 3.95% 03-04-2051	31,000	30	31
Superior Plus LP 4.25% 05-18-2028	100,000	100	101
TELUS Corp. 2.05% 10-07-2030	95,000	92	90
TELUS Corp. 2.35% 01-27-2028	28,000	28	28
TELUS Corp. 2.85% 11-13-2031	18,000	18	18
TELUS Corp. 3.15% 02-19-2030	11,000	12	11
TELUS Corp. 3.30% 05-02-2029	58,000	61	61
TELUS Corp. 3.95% 02-16-2050	23,000	24	24
TELUS Corp. 4.85% 04-05-2044	11,000	13	13
Teranet Holdings LP 3.544% 06-11-2025	53,000	53	55
The Bank of Nova Scotia 1.40% 11-01-2027	69,000	67	66
The Bank of Nova Scotia 2.16% 02-03-2025	9,000	9	9
The Bank of Nova Scotia 3.70% 07-27-2081	42,000	42	41
The Bank of Nova Scotia Floating Rate 08-04-2026	5,000	5	5
The Empire Life Insurance Co. 3.625% 04-17-2026	10,000	10	10
The Independent Order of Foresters 2.885% 10-15-2035	49,000	49	50
The Toronto-Dominion Bank 1.888% 03-08-2028	100,000	100	98
The Toronto-Dominion Bank 1.896% 09-11-2028	40,000	40	39
The Toronto-Dominion Bank 1.943% 03-13-2025	68,000	68	68
The Toronto-Dominion Bank 3.06% 01-26-2032	105,000	105	109
The Toronto-Dominion Bank 3.105% 04-22-2030	45,000	46	46
The Toronto-Dominion Bank 3.60% 10-31-2081	21,000	21	20
Thomson Reuters Corp. 2.239% 05-14-2025	58,000	60	59
TMX Group Ltd. 2.016% 02-12-2031	12,000	12	12
Toronto Hydro Corp. 2.47% 10-20-2031	12,000	12	12
Tourmaline Oil Corp. 2.077% 01-25-2028	9,000	9	9
Tourmaline Oil Corp. 2.529% 02-12-2029	8,000	8	8
Toyota Credit Canada Inc. 1.18% 02-23-2026	20,000	20	19
TransCanada PipeLines Ltd. 3.00% 09-18-2029	12,000	12	12

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada PipeLines Ltd. 3.80% 04-05-2027	30,000	34	32
TransCanada PipeLines Ltd. 4.18% 07-03-2048	20,000	21	21
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	113,000	113	116
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	40,000	40	40
TransCanada Trust 4.20% 03-04-2081	48,000	48	47
Transcontinental Inc. 2.28% 07-13-2026	7,000	7	7
Ventas Canada Finance Ltd. 2.45% 01-04-2027	14,000	14	14
Ventas Canada Finance Ltd. 2.80% 04-12-2024	30,000	31	31
Ventas Canada Finance Ltd. 3.30% 12-01-2031	15,000	15	15
Videotron Ltd. 4.50% 01-15-2030	124,000	124	127
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	27,000	27	27
Waste Management of Canada Corp. 2.60% 09-23-2026	65,000	65	67
WSP Global Inc. 2.408% 04-19-2028	37,000	37	37
Total Corporate - Non-convertible		9,009	9,056
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	2,000	2	3
Total Corporate - Convertible		2	3
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	12,000	5	5
Peoples Trust 1.91% 09-01-2029	98,000	93	94
Scotia Capital Inc. 0.55% 01-01-2026	160,000	147	143
Scotia Capital Inc. 0.89% 09-01-2026	54,000	52	52
Scotia Capital Inc. 1.25% 03-01-2025	120,000	97	96
Total Mortgage Backed		394	390
Total Canadian Bonds		16,248	16,590
United States Bonds			
Federal Government			
United States Treasury Inflation Index 0.25% 02-15-2050	120,000	183	197
Total Federal Government		183	197

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United States Bonds (continued)			
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	6,000	8	7
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030	2,000	3	3
AT&T Inc. Floating Rate 03-25-2024	12,000	15	15
Athene Global Funding Floating Rate 04-09-2024	48,000	48	48
Bank of America Corp. 1.978% 09-15-2027	30,000	30	30
Bank of America Corp. 2.598% 04-04-2029	31,000	31	31
Bank of America Corp. 3.407% 09-20-2025	90,000	92	94
Bank of America Corp. Floating Rate 09-15-2027	27,000	27	27
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	10,000	13	12
Ford Motor Co. 3.25% 02-12-2032	51,000	64	66
Goldman Sachs Group Inc. Floating Rate 04-29-2025	58,000	58	58
JPMorgan Chase & Co. 1.896% 03-05-2028	51,000	51	50
Mastercard Inc. 1.90% 03-15-2031	10,000	13	13
Mav Acquisition Corp. 5.75% 08-01-2028	5,000	6	6
McDonald's Corp. 3.125% 03-04-2025	56,000	56	58
Nestle Holdings Inc. 2.192% 01-26-2029	16,000	16	16
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	12,000	14	15
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	5,000	6	7
Terex Corp. 5.00% 05-15-2029	5,000	6	7
The Estee Lauder Companies Inc. 1.95% 03-15-2031	17,000	21	21
The Goldman Sachs Group Inc. 2.013% 02-28-2028	51,000	51	50
The Goldman Sachs Group Inc. 2.599% 11-30-2027	30,000	30	30
The Walt Disney Co. 3.057% 03-30-2027	97,000	103	101
Univision Communications Inc. 4.50% 05-01-2029	5,000	6	6
Verizon Communications Inc. 2.375% 03-22-2028	47,000	47	47
Verizon Communications Inc. 2.55% 03-21-2031	10,000	12	13
Verizon Communications Inc. 3.55% 03-22-2051	4,000	5	5
Verizon Communications Inc. Floating Rate 03-20-2026	13,000	16	17
Wells Fargo & Co. 2.975% 05-19-2026	20,000	22	21

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Wells Fargo & Co. 3.90% 03-15-2026	10,000	13	13
Total Corporate - Non-convertible		883	887
Total United States Bonds		1,066	1,084
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	10,000	11	11
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	12,000	15	15
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	12,000	15	15
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	30,000	30	30
Heathrow Funding Ltd. 3.40% 03-08-2028	47,000	47	49
Heathrow Funding Ltd. 3.726% 04-13-2033	21,000	21	22
Heathrow Funding Ltd. 3.782% 09-04-2032	16,000	16	17
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	42,000	42	45
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	6,000	7	8
United Kingdom			
Lloyds Banking Group PLC 3.50% 02-03-2025	73,000	73	76
National Grid Electricity Transmission PLC 2.301% 06-22-2029	31,000	31	31

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds (continued)			
Supra - National			
International Bank for Reconstruction and Development 1.95% 09-20-2029	64,000	64	65
Total Global Bonds		372	384
Total Bonds		17,686	18,058
Canadian Common Stock			
Communication Services			
Rogers Communications Inc. Class B non-voting	7,160	419	431
TELUS Corp.	22,584	596	673
TELUS International Inc.	3,835	135	160
Consumer Discretionary			
Aritzia Inc.	6,214	129	325
BRP Inc.	3,320	259	368
Canadian Tire Corp. Ltd. Class A non-voting	1,950	305	354
Dollarama Inc.	6,919	361	438
Magna International Inc.	4,228	357	433
Pet Valu Holdings Ltd.	10,906	273	393
Consumer Staples			
Alimentation Couche-Tard Inc.	11,946	399	633
Loblaw Companies Ltd.	6,890	497	714
Energy			
ARC Resources Ltd.	16,197	169	186
Canadian Natural Resources Ltd.	24,078	1,020	1,288
Enbridge Inc. [CAD]	15,313	742	757
Headwater Exploration Inc.	44,916	168	231
Parkland Corp. of Canada	4,833	204	168
Pason Systems Inc.	24,017	234	277
Pembina Pipeline Corp.	8,104	286	311
Secure Energy Services Inc.	43,074	246	227
TC Energy Corp.	9,158	569	539
Tourmaline Oil Corp.	6,405	194	262

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Canadian Common Stock (continued)			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	1,082	104	102
Mackenzie Emerging Markets Local Currency Bond Index ETF *	5,767	541	492
Mackenzie Floating Rate Income ETF *	52,409	1,009	1,009
Financials			
Bank of Montreal	13,000	1,222	1,770
Brookfield Asset Management Inc.	18,608	686	1,421
Definity Financial Corp.	5,684	125	168
Intact Financial Corp.	6,200	794	1,019
National Bank of Canada	6,046	520	583
Royal Bank of Canada	22,225	1,816	2,985
Sun Life Financial Inc.	8,196	428	577
The Toronto-Dominion Bank	24,636	1,577	2,390
Thomson Reuters Corp.	1,841	191	278
TMX Group Ltd.	2,201	287	282
Health Care			
dentalcorp Holdings Ltd.	15,363	215	250
Neighbourly Pharmacy Inc.	4,212	72	168
Industrials			
Boyd Group Services Inc.	2,199	454	439
Canadian National Railway Co.	6,342	595	985
Canadian Pacific Railway Ltd.	15,074	1,013	1,371
Stantec Inc.	5,332	205	379
TFI International Inc.	2,665	247	378
Toromont Industries Ltd.	2,658	188	304
Waste Connections Inc.	3,226	311	556
WSP Global Inc.	2,187	191	402
Information Technology			
CGI Group Inc. Class A sub. voting	5,451	377	610
Constellation Software Inc.	501	588	1,176
Dye & Durham Ltd.	4,249	83	191
Kinaxis Inc.	902	118	160
Open Text Corp.	12,619	603	758

*The issuer of this security is a related company to the issuer of the Fund.

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Canadian Common Stock (continued)			
Information Technology (continued)			
Shopify Inc. [CAD]	564	1,032	982
Tecsys Inc.	2,180	91	115
The Descartes Systems Group Inc.	1,858	148	194
Materials			
Agnico Eagle Mines Ltd.	2,250	202	151
CCL Industries Inc. Class B non-voting	7,849	412	532
First Quantum Minerals Ltd.	5,838	142	177
Kirkland Lake Gold Ltd.	7,817	395	414
Major Drilling Group International Inc.	18,607	161	154
Methanex Corp.	4,472	216	224
Nutrien Ltd. [CAD]	6,963	431	662
Wheaton Precious Metals Corp.	7,199	404	391
Real Estate			
Allied Properties REIT	7,935	345	349
Colliers International Group Inc.	1,920	193	362
Utilities			
Boralex Inc. Class A	12,807	356	444
Northland Power Inc.	3,990	175	151
Total Canadian Common Stock		26,825	35,673
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	200	3	4
BCE Inc. 3.61% Preferred	370	6	8
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	80	2	2
Energy			
TC Energy Corp. 4.90% Preferred	1,070	27	27
TransAlta Corp. 4.027% Preferred	60	1	1

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock (continued)			
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	204	5	5
Utilities			
Emera Inc. 4.25% Preferred	27	1	1
Emera Inc. 4.60% Preferred	160	4	4
TransAlta Corp. 2.709% Preferred	338	4	5
Total Canadian Preferred Stock		53	57
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	243	408	891
Consumer Discretionary			
Amazon.com Inc.	94	293	396
Starbucks Corp.	2,864	422	424
Consumer Staples			
Costco Wholesale Corp.	604	357	434
PepsiCo Inc.	1,951	394	429
Exchange Traded Funds			
SPDR S&P 500 ETF TRUST	721	360	433
Financials			
CME Group Inc.	743	176	215
Moody's Corp.	1,262	524	624
Nasdaq Inc.	2,605	465	692
Signature Bank	1,401	294	573
SVB Financial Group	339	209	291
Health Care			
Charles River Laboratories International Inc.	1,018	431	485
Stryker Corp.	2,552	781	863
Thermo Fisher Scientific Inc.	778	531	657

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Industrials			
Danaher Corp.	2,261	702	941
Equifax Inc.	2,371	640	878
Verisk Analytics Inc. Class A	729	184	211
Information Technology			
Adobe Inc.	561	229	402
Amphenol Corp. Class A	7,971	658	882
Autodesk Inc.	1,123	427	399
Automatic Data Processing Inc.	2,093	623	653
Keysight Technologies Inc.	3,855	686	1,007
Microsoft Corp.	2,970	699	1,264
ON Semiconductor Corp.	5,307	413	456
Roper Industries Inc.	550	293	342
Synopsys Inc.	1,837	610	856
Texas Instruments Inc.	1,457	319	347
Total United States Common Stock		12,128	16,045
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	453	11	12
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	173	4	4
France			
Schneider Electric SA	2,664	509	661
Hong Kong			
Techtronic Industries Co. Ltd.	19,269	384	485
Ireland			
Accenture PLC Class A	2,216	737	1,162
Aon Corp.	2,485	661	945
Steris PLC	2,077	529	640
Trane Technologies PLC	3,092	604	790

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Switzerland			
Alcon Inc. ADR	6,112	533	674
Total Global Common Stock		3,972	5,373
Total Stocks		42,978	57,149

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Investment Fund Units			
GWL International Equity Fund 13.01JPM *	119,204	2,010	3,962

Top 25 Holdings of the Investment Fund Units held above are as follows:

Security Description	% of Total
Nestle SA Reg.	3.41%
Novo Nordisk AS B	3.08%
ASML Holding NV	2.92%
LVMH Moet Hennessy Louis Vuitton SE	2.58%
TotalEnergies SE	2.53%
Keyence Corp.	2.38%
Diageo PLC	2.26%
Schneider Electric SE	2.24%
Sony Group Corporation	2.14%
Capgemini SA	1.81%
Ferguson PLC	1.81%
Hoya Corp	1.71%
L'Oreal SA	1.67%
DBS Group Holdings Ltd.	1.65%
AIA Group Ltd.	1.63%
Lonza Group AG	1.61%
BHP Group Ltd. [AUD shares]	1.60%
Linde PLC [EUR]	1.57%
GlaxoSmithKline PLC	1.48%
Vinci SA	1.45%
RELX PLC	1.42%
Atlas Copco AB A	1.41%
Allianz SE Reg.	1.41%
Tokyo Electron LTD	1.37%
KBC Group NV	1.35%

*The issuer of this security is a related company to the issuer of the Fund.

Canadian Equity/Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)	
		Currency	Value as at December 31	Currency	Value as at December 31		
0.8062	January 14, 2022	United States Dollar	329	Canadian Dollar	323	6	
						Derivatives - Assets	6
1.2441	January 14, 2022	Canadian Dollar	47	United States Dollar	48	(1)	
0.7827	January 14, 2022	United States Dollar	76	Canadian Dollar	77	(1)	
1.2597	January 14, 2022	Canadian Dollar	692	United States Dollar	694	(2)	
1.2359	February 18, 2022	Canadian Dollar	23	United States Dollar	24	-	
1.2569	February 18, 2022	Canadian Dollar	334	United States Dollar	336	(2)	
						Derivatives - Liabilities	(6)
Total Forward Currency Contracts							-

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)	
(30)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 3,629	CAD 120.98	(3)	
(3)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 591	CAD 197.13	(6)	
						Derivatives - Liabilities	(8)
Total Futures Contracts							(8)

Total Derivative Instruments at Fair Value

(8)

Total Investments

62,674

79,161

Canadian Equity/Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Equity/Bond Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

For investment fund units, the Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussion about their respective risk exposure, are available upon request.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. As the Fund invests some of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units / shares. The Fund and the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 20,355	\$ 227	\$ 20,582	\$ 206
Other Currencies	1,146	—	1,146	11
Total	\$ 21,501	\$ 227	\$ 21,728	\$ 217
As Percent of Net Assets Attributable to Contractholders			27.2%	0.3%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 11,218	\$ 2,129	\$ 13,347	\$ 133
Total	\$ 11,218	\$ 2,129	\$ 13,347	\$ 133
As Percent of Net Assets Attributable to Contractholders			17.1%	0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 4,451	\$ 7,400	\$ 6,207	\$ 18,058

2020

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 682	\$ 8,543	\$ 9,531	\$ 8,351	\$ 27,107

Canadian Equity/Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$1,536 (\$2,199 at December 31, 2020) or approximately 1.9% (2.8% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds, held directly by the Fund or indirectly held by the underlying funds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	8.1	1.8	7.6	2.7
AA	24.9	5.6	29.8	10.3
A	22.4	5.1	30.9	10.7
BBB	35.2	8.0	27.8	9.6
BB and lower	8.6	1.9	3.5	1.2
NR *	0.8	0.2	0.4	0.1
Total	100.0	22.6	100.0	34.6

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk (continued)

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$571 (\$411 at December 31, 2020) or approximately 0.7% (0.5% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 18,055	\$ 3	\$ 18,058
Stocks	57,149	—	—	57,149
Derivatives	—	6	—	6
Investment fund units	—	3,962	—	3,962
Total assets measured at fair value	\$ 57,149	\$ 22,023	\$ 3	\$ 79,175
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 9	\$ 5	\$ —	\$ 14
Net assets attributable to contractholders measured at fair value	\$ 57,140	\$ 22,018	\$ 3	\$ 79,161

⁽¹⁾ Excludes collateral pledged to counterparties of \$99.

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 27,107	\$ —	\$ 27,107
Stocks	41,066	73	—	41,139
Derivatives	—	—	—	—
Investment fund units	—	7,552	—	7,552
Total assets measured at fair value	\$ 41,066	\$ 34,732	\$ —	\$ 75,798

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Bonds	Bonds
Balance, beginning of year	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	3	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 3	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Canadian Equity/Bond Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	—	—	—	729	657	—	—	—	613	570
Individual No-Load (IA)	46,202	50,657	56,344	64,058	73,024	31,541	30,267	32,139	32,258	38,917
Individual Back-End Load (IB)	28,903	34,232	38,767	45,240	54,443	20,768	21,527	23,275	23,978	30,560
Managed Money (IC)	2,746	2,952	3,386	4,438	4,808	1,591	1,477	1,596	1,822	2,060
75/75 guarantee policy	236,731	273,439	317,056	322,338	322,985	5,483	5,543	6,136	5,507	5,844
75/100 guarantee policy	483,796	542,071	599,068	583,830	613,785	11,078	10,881	11,499	9,910	11,047
100/100 guarantee policy	8,373	10,742	10,659	11,455	13,055	188	211	201	191	231
PS1 75/75 guarantee policy	119,081	113,518	135,231	119,021	98,345	2,450	2,036	2,306	1,785	1,555
PS1 75/100 guarantee policy	168,251	170,667	197,807	178,824	229,359	3,407	3,018	3,331	2,652	3,593
PS1 100/100 guarantee policy	807	335	227	193	196	16	6	4	3	3
PS2 75/75 guarantee policy	74,282	88,740	118,165	114,177	115,734	1,874	1,911	2,369	1,970	2,062
PS2 75/100 guarantee policy	35,240	39,328	52,498	55,363	54,455	889	847	1,052	955	970
PS 75/75 guarantee policy	5,763	9,175	10,247	1,002	—	75	103	109	9	—
PS 75/100 guarantee policy	29,690	33,323	31,305	14,104	—	384	374	332	131	—
PPS 75/75 guarantee policy	4,281	984	—	—	—	56	11	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	—	—	—	840.08	867.36	—	—
Individual No-Load (IA)	682.68	597.49	570.41	503.58	532.94	85.19	27.08
Individual Back-End Load (IB)	718.54	628.87	600.38	530.03	561.32	89.67	28.49
Managed Money (IC)	579.59	500.44	471.34	410.50	428.52	79.15	29.10
75/75 guarantee policy	23.16	20.27	19.35	17.08	18.09	2.89	0.92
75/100 guarantee policy	22.90	20.07	19.20	16.97	18.00	2.83	0.87
100/100 guarantee policy	22.42	19.69	18.85	16.70	17.73	2.73	0.84
PS1 75/75 guarantee policy	20.57	17.93	17.05	14.99	15.81	2.64	0.88
PS1 75/100 guarantee policy	20.25	17.68	16.84	14.83	15.66	2.57	0.84
PS1 100/100 guarantee policy	19.83	17.35	16.56	14.62	15.47	2.48	0.79
PS2 75/75 guarantee policy	25.23	21.53	20.05	17.26	17.81	3.70	1.48
PS2 75/100 guarantee policy	25.23	21.53	20.05	17.26	17.81	3.70	1.48
PS 75/75 guarantee policy	13.01	11.26	10.63	9.29	—	1.75	0.63
PS 75/100 guarantee policy	12.93	11.21	10.61	9.28	—	1.72	0.60
PPS 75/75 guarantee policy	13.19	11.37	—	—	—	1.82	0.67

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

g) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

h) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

i) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

j) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

k) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

l) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

m) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

o) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

p) **Transaction Costs**

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See the notes to the Schedule of Investment Portfolio.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity/Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

10. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Equity/Bond Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.51	2.51	2.52	2.58	2.86
Individual Back-End Load (IB)	2.51	2.51	2.52	2.58	2.64
Managed Money (IC)	1.16	1.16	1.16	1.17	1.28
75/75 guarantee policy	2.51	2.52	2.52	2.57	2.64
75/100 guarantee policy	2.67	2.68	2.69	2.70	2.69
100/100 guarantee policy	2.83	2.83	2.84	2.85	2.85
PS1 75/75 guarantee policy	2.11	2.12	2.12	2.13	2.12
PS1 75/100 guarantee policy	2.27	2.28	2.29	2.30	2.29
PS1 100/100 guarantee policy	2.48	2.49	2.49	2.51	2.50
PS 75/75 guarantee policy	1.44	1.43	1.43	1.43	—
PS 75/100 guarantee policy	1.59	1.59	1.60	1.60	—
PPS 75/75 guarantee policy	1.02	1.01	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	82.70	57.18	62.47	37.80	52.14

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

U.S. VALUE FUND 15.01L

December 31, 2021

Independent Auditor's Report

To the Contractholders of U.S. Value Fund 15.01L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

U.S. Value Fund 15.01L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,587	\$ 2,692
Investment income due and accrued	112	200
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	107,514	101,201
Investment fund units	—	—
Total investments	107,514	101,201
Total assets	\$ 109,213	\$ 104,093
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	63	23
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	63	23
Net assets attributable to contractholders	\$ 109,150	\$ 104,070

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 26,671	\$ (4,334)
Miscellaneous income (loss)	139	78
Total income	26,810	(4,256)
Expenses		
Management fees (note 7)	621	619
Transaction costs	76	245
Withholding taxes	321	552
Other	66	64
Total expenses	1,084	1,480
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 25,726	\$ (5,736)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 104,070	\$ 114,939
Contractholder deposits	6,725	12,972
Contractholder withdrawals	(27,371)	(18,105)
Increase (decrease) in net assets from operations attributable to contractholders	25,726	(5,736)
Change in net assets attributable to contractholders	5,080	(10,869)
Net assets attributable to contractholders - end of year	\$ 109,150	\$ 104,070

U.S. Value Fund 15.01L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 25,726	\$ (5,736)
Adjustments		
Realized (gains) losses	(22,307)	6,461
Unrealized (gains) losses	(2,047)	1,202
Gross proceeds of disposition of investments	179,387	104,352
Gross payments for the purchase of investments	(161,346)	(99,543)
Change in investment income due and accrued	88	(36)
Change in due from/to The Canada Life Assurance Company	40	12
	<u>19,541</u>	<u>6,712</u>
Financing Activities		
Contractholder deposits	6,725	12,972
Contractholder withdrawals	(27,371)	(18,105)
	<u>(20,646)</u>	<u>(5,133)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,105)	1,579
Cash, short-term deposits and overdrafts, beginning of year	2,692	1,113
Cash, short-term deposits and overdrafts, end of year	\$ 1,587	\$ 2,692
Supplementary cash flow information		
Dividend income received	\$ 2,405	\$ 3,292

U.S. Value Fund 15.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	241	745	883
Altice USA Inc.	16,700	345	342
AT&T Inc.	21,907	869	682
Charter Communications Inc.	273	225	225
Comcast Corp. Class A	22,362	1,266	1,424
Meta Platforms Inc.	1,900	784	808
News Corp. Class A	19,200	621	542
Omnicom Group Inc.	4,400	380	408
Pinterest Inc.	3,600	172	166
The Walt Disney Co.	5,100	1,146	999
Consumer Discretionary			
AutoZone Inc.	375	790	994
Booking Holdings Inc.	74	231	225
Expedia Group Inc.	4,200	888	960
Ford Motor Co.	54,600	852	1,435
Kohl's Corp.	8,800	608	550
Live Nation Entertainment Inc.	2,500	288	379
Nike Inc. Class B	6,250	1,207	1,318
Penske Automotive Group Inc.	4,200	388	570
Polo Ralph Lauren Corp. Class A	1,700	261	256
PVH Corp.	3,000	367	405
Starbucks Corp.	1,500	218	222
Target Corp.	1,000	311	293
The Home Depot Inc.	123	63	65
Travel + Leisure Co.	5,500	413	385
Consumer Staples			
Albertsons Companies Inc.	2,500	96	95
Altria Group Inc.	20,983	1,134	1,258
BJ's Wholesale Club Holdings Inc.	9,306	443	788
Costco Wholesale Corp.	2,333	1,110	1,675
Coty Inc. Class A	64,800	670	861
CVS Health Corp.	13,442	1,162	1,754
Philip Morris International Inc.	14,902	1,523	1,791
Post Holdings Inc.	1,300	180	185
The Coca-Cola Co.	8,500	622	637

U.S. Value Fund 15.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Staples (continued)			
The Estee Lauder Companies Inc. Class A	2,508	932	1,175
The Procter & Gamble Co.	7,600	1,374	1,573
Walmart Inc.	10,400	1,906	1,904
Energy			
Chevron Corp.	700	103	104
EQT Corp.	31,531	625	870
Exxon Mobil Corp.	31,600	1,750	2,446
Ovintiv Inc.	14,800	466	631
Targa Resources Corp.	11,300	679	747
Financials			
American Express Co.	4,800	1,053	993
Bank of America Corp.	35,275	955	1,985
Bank OZK	3,729	202	219
Berkshire Hathaway Inc. Class B	4,597	1,347	1,739
Capital One Financial Corp.	600	113	110
Citigroup Inc.	20,200	1,663	1,543
East West Bancorp Inc.	5,600	566	557
Evercore Inc.	900	162	155
First Horizon National Corp.	11,400	246	235
JPMorgan Chase & Co.	4,846	722	971
Lincoln National Corp.	900	76	78
Marsh & McLennan Companies Inc.	4,300	822	946
MetLife Inc.	4,335	238	343
MSCI Inc. Class A	946	768	733
OneMain Holdings Inc.	9,861	643	624
Prosperity Bancshares Inc.	1,600	148	146
S&P Global Inc.	1,180	518	704
Synchrony Financial	17,300	760	1,015
Synovus Financial Corp.	10,400	546	630
The Allstate Corp.	7,000	953	1,042
The Hartford Financial Services Group Inc.	4,500	410	393
Unum Group	23,413	545	728
Wells Fargo & Co.	25,300	981	1,536

U.S. Value Fund 15.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
Agilent Technologies Inc.	2,200	417	444
BioMarin Pharmaceutical Inc.	2,200	223	246
Bruker Corp.	6,100	612	648
Centene Corp.	2,800	295	292
Eli Lilly and Co.	2,820	829	985
Gilead Sciences Inc.	6,100	513	560
HCA Healthcare Inc.	3,481	731	1,131
Johnson & Johnson Inc.	7,950	1,604	1,720
McKesson Corp.	3,859	702	1,213
Merck & Co. Inc.	4,500	440	436
Pfizer Inc.	10,400	703	777
Regeneron Pharmaceuticals Inc.	190	116	152
Sage Therapeutics Inc.	4,600	393	248
Seagen Inc.	2,100	405	411
United Therapeutics Corp.	200	46	55
UnitedHealth Group Inc.	3,720	1,633	2,363
Universal Health Services Inc. Class B	5,000	861	820
Zoetis Inc.	2,200	559	679
Industrials			
Air Lease Corp.	10,600	634	593
Alaska Air Group Inc.	8,200	547	540
AMERCO	646	547	593
Caterpillar Inc.	4,400	1,165	1,151
CSX Corp.	5,300	233	252
Cummins Inc.	1,387	283	383
Deere & Co.	2,400	831	1,041
Equifax Inc.	509	184	189
Flowserve Corp.	1,500	59	58
General Electric Co.	1,225	156	146
Honeywell International Inc.	134	36	35
Huntington Ingalls Industries Inc.	2,811	714	664
Kirby Corp.	6,500	480	489
Lennox International Inc.	671	283	275
Manpower Inc.	5,100	594	628
Mercury Systems Inc.	1,413	95	98
Norfolk Southern Corp.	100	36	38

U.S. Value Fund 15.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials (continued)			
Oshkosh Corp.	2,400	309	342
Raytheon Technologies Corp.	900	96	98
Ryder System Inc.	6,600	537	688
Snap-On Inc.	800	216	218
Stanley Black & Decker Inc.	4,300	963	1,026
Textron Inc.	3,800	371	371
United Parcel Service Inc. (UPS) Class B	4,500	925	1,220
United Rentals Inc.	2,077	896	873
Information Technology			
Applied Materials Inc.	4,900	585	975
Arista Networks Inc.	2,400	272	436
Broadcom Inc.	1,838	739	1,547
Cisco Systems Inc.	16,698	998	1,339
Hewlett-Packard Enterprise Co.	47,617	886	950
IBM Corp.	700	119	118
Intel Corp.	16,100	1,070	1,049
Kyndryl Holdings Inc.	32,400	750	742
Loyalty Ventures Inc.	1,840	118	70
Manhattan Associates Inc.	3,000	532	590
Microsoft Corp.	596	248	254
Oracle Corp.	8,200	653	905
Silicon Laboratories Inc.	400	101	104
Teradyne Inc.	4,000	800	827
Texas Instruments Inc.	1,400	334	334
Visa Inc. Class A	7,096	1,986	1,945
Materials			
Avery Dennison Corp.	336	93	92
Corteva Inc.	5,200	282	311
DuPont de Nemours Inc.	2,700	279	276
Louisiana-Pacific Corp.	2,000	186	198
Olin Corp.	8,900	515	648
Reliance Steel & Aluminum Co.	3,500	643	718
The Sherwin-Williams Co.	376	169	168
Westlake Chemical Corp.	1,300	162	160
WestRock Co.	3,572	178	200

U.S. Value Fund 15.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Real Estate			
CBRE Group Inc. Class A	1,300	165	178
Extra Space Storage Inc. REIT	3,257	716	934
Lamar Advertising Co. REIT	4,200	618	644
Life Storage Inc. REIT	2,300	275	446
ProLogis Inc. REIT	5,700	981	1,214
Public Storage REIT	2,124	703	1,006
Simon Property Group Inc.	5,400	858	1,091
Utilities			
Duke Energy Corp.	9,500	1,079	1,261
Exelon Corp.	14,800	936	1,081
FirstEnergy Corp.	16,100	785	847
National Fuel Gas Co.	6,300	336	510
NRG Energy Inc.	2,100	92	114
PPL Corp.	27,705	1,095	1,054
Southern Co.	16,000	1,212	1,388
The AES Corp.	29,151	573	896
Total United States Common Stock		88,044	103,264
Global Common Stock			
Bermuda			
Essent Group Ltd.	5,295	305	305
British Virgin Islands			
Capri Holdings Ltd.	8,100	513	665
Ireland			
Johnson Controls International PLC	4,140	232	426
Medtronic Co. PLC	12,700	1,876	1,662
Panama			
Carnival Corp.	5,900	160	150
Puerto Rico			
Popular Inc.	6,800	635	706

U.S. Value Fund 15.01L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
Switzerland			
CRISPR Therapeutics AG	3,500	367	336
Total Global Common Stock		4,088	4,250
Total Stocks		92,132	107,514
Transaction Costs (see notes to financial statements (note 2))		(70)	
Total Investments		92,062	107,514

U.S. Value Fund 15.01L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the U.S. Value Fund 15.01L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 107,514	\$ 1,570	\$ 109,084	\$ 1,091
Total	\$ 107,514	\$ 1,570	\$ 109,084	\$ 1,091
As Percent of Net Assets Attributable to Contractholders			99.9%	1.0%

*Includes both monetary and non-monetary instruments

U.S. Value Fund 15.01L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 101,201	\$ 2,392	\$ 103,593	\$ 1,036
Total	\$ 101,201	\$ 2,392	\$ 103,593	\$ 1,036
As Percent of Net Assets Attributable to Contractholders			99.5%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,075 (\$1,012 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 107,514	\$ —	\$ —	\$ 107,514
Total assets measured at fair value	\$ 107,514	\$ —	\$ —	\$ 107,514

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 101,201	\$ —	\$ —	\$ 101,201
Total assets measured at fair value	\$ 101,201	\$ —	\$ —	\$ 101,201

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

U.S. Value Fund 15.01L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	—	1,103	1,103	955	955	—	274	288	218	224
Individual No-Load (IA)	14,461	17,203	23,048	29,633	34,722	5,978	5,739	8,302	9,598	11,892
Individual Back-End Load (IB)	17,766	21,546	28,352	37,434	45,105	7,530	7,369	10,470	12,431	15,849
Managed Money (IC)	2,494	3,232	6,643	7,738	8,361	1,300	1,341	2,935	3,032	3,417
75/75 guarantee policy	134,121	152,980	179,949	201,826	230,284	3,965	3,650	4,636	4,675	5,644
75/100 guarantee policy	57,658	77,455	91,185	104,183	128,317	1,673	1,818	2,316	2,384	3,114
100/100 guarantee policy	1,801	1,781	4,229	4,918	5,093	50	40	104	109	120
PS1 75/75 guarantee policy	146,810	146,992	169,077	216,018	252,939	3,742	3,010	3,720	4,255	5,246
PS1 75/100 guarantee policy	44,285	59,429	82,518	105,388	112,934	1,099	1,188	1,778	2,038	2,306
PS1 100/100 guarantee policy	4,577	3,975	1,249	4,562	4,242	109	77	26	86	85
PS2 75/75 guarantee policy	48,680	50,226	74,288	77,286	83,689	1,545	1,251	1,945	1,771	1,974
PS2 75/100 guarantee policy	27,302	29,375	29,457	32,475	33,628	866	732	771	744	793
PS 75/75 guarantee policy	2,660	1,192	1,198	1,203	—	32	11	12	11	—
PS 75/100 guarantee policy	71,631	90,286	93,112	48,889	—	858	865	955	447	—
PPS 75/75 guarantee policy	8,331	8,374	—	—	—	102	82	—	—	—
PPS 75/100 guarantee policy	—	—	242	—	—	—	—	2	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	—	248.09	260.75	228.25	235.02	—	(12.66)
Individual No-Load (IA)	413.39	333.60	360.19	323.89	342.48	79.79	(26.59)
Individual Back-End Load (IB)	423.83	342.02	369.29	332.07	351.37	81.81	(27.27)
Managed Money (IC)	521.25	414.86	441.79	391.83	408.68	106.39	(26.93)
75/75 guarantee policy	29.57	23.86	25.76	23.16	24.51	5.71	(1.90)
75/100 guarantee policy	29.02	23.47	25.40	22.89	24.27	5.55	(1.93)
100/100 guarantee policy	27.95	22.67	24.60	22.23	23.63	5.28	(1.93)
PS1 75/75 guarantee policy	25.49	20.47	22.00	19.70	20.74	5.02	(1.53)
PS1 75/100 guarantee policy	24.82	19.99	21.54	19.34	20.42	4.83	(1.55)
PS1 100/100 guarantee policy	23.91	19.34	20.92	18.85	19.98	4.57	(1.58)
PS2 75/75 guarantee policy	31.73	24.92	26.18	22.91	23.58	6.81	(1.26)
PS2 75/100 guarantee policy	31.73	24.92	26.18	22.91	23.58	6.81	(1.26)
PS 75/75 guarantee policy	12.07	9.64	10.29	9.15	—	2.43	(0.65)
PS 75/100 guarantee policy	11.98	9.58	10.26	9.14	—	2.40	(0.68)
PPS 75/75 guarantee policy	12.27	9.75	—	—	—	2.52	(0.61)
PPS 75/100 guarantee policy	—	—	10.32	—	—	—	—

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

U.S. Value Fund 15.01L

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

U.S. Value Fund 15.01L
Notes to the Financial Statements
(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

U.S. Value Fund 15.01L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.73	2.73	2.73	2.77	3.03
Individual Back-End Load (IB)	2.73	2.73	2.73	2.76	2.81
Managed Money (IC)	1.35	1.35	1.35	1.35	1.47
75/75 guarantee policy	2.73	2.73	2.73	2.76	2.79
75/100 guarantee policy	2.95	2.95	2.95	2.96	2.96
100/100 guarantee policy	3.22	3.23	3.23	3.24	3.23
PS1 75/75 guarantee policy	2.27	2.26	2.27	2.28	2.26
PS1 75/100 guarantee policy	2.54	2.54	2.54	2.55	2.55
PS1 100/100 guarantee policy	2.92	2.91	2.93	2.94	2.94
PS 75/75 guarantee policy	1.61	1.63	1.62	1.62	—
PS 75/100 guarantee policy	1.85	1.84	1.84	1.84	—
PPS 75/75 guarantee policy	1.16	1.15	—	—	—
PPS 75/100 guarantee policy	—	—	1.43	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	149.91	99.89	101.50	89.70	90.18

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
ENHANCED BOND FUND 15.03LAK

December 31, 2021

Independent Auditor's Report

To the Contractholders of Enhanced Bond Fund 15.03LAK (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Enhanced Bond Fund 15.03LAK

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 256	\$ 438
Investment income due and accrued	243	272
Due from The Canada Life Assurance Company (note 8)	—	21
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	47,395	55,788
Stocks	4,025	532
Investment fund units	—	—
Derivatives (note 7)	16	—
Total investments	51,436	56,320
Total assets	\$ 51,935	\$ 57,051
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	7	—
Due to brokers	—	54
Due to outside parties	—	—
Derivatives (note 7)	19	—
Total liabilities excluding net assets attributable to contractholders	26	54
Net assets attributable to contractholders	\$ 51,909	\$ 56,997

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (1,162)	\$ 5,037
Miscellaneous income (loss)	13	9
Total income	(1,149)	5,046
Expenses		
Management fees (note 8)	349	408
Transaction costs	2	1
Withholding taxes	—	—
Other	39	43
Total expenses	390	452
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,539)	\$ 4,594

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 56,997	\$ 62,987
Contractholder deposits	3,871	9,488
Contractholder withdrawals	(7,420)	(20,072)
Increase (decrease) in net assets from operations attributable to contractholders	(1,539)	4,594
Change in net assets attributable to contractholders	(5,088)	(5,990)
Net assets attributable to contractholders - end of year	\$ 51,909	\$ 56,997

Enhanced Bond Fund 15.03LAK

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,539)	\$ 4,594
Adjustments		
Add back amortization of premium (discount)	(39)	(2)
Realized (gains) losses	306	(1,540)
Unrealized (gains) losses	2,272	(1,996)
Gross proceeds of disposition of investments	46,988	45,039
Gross payments for the purchase of investments	(44,624)	(35,473)
Change in investment income due and accrued	29	17
Change in due from/to The Canada Life Assurance Company	28	(12)
Change in due from/to brokers	(54)	54
	<u>3,367</u>	<u>10,681</u>
Financing Activities		
Contractholder deposits	3,871	9,488
Contractholder withdrawals	(7,420)	(20,072)
	<u>(3,549)</u>	<u>(10,584)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(182)	97
Cash, short-term deposits and overdrafts, beginning of year	438	341
Cash, short-term deposits and overdrafts, end of year	\$ 256	\$ 438
Supplementary cash flow information		
Interest income received	\$ 1,302	\$ 1,495
Dividend income received	104	22

Enhanced Bond Fund 15.03LAK

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.75% 06-15-2030	130,000	130	130
Government of Canada 0.50% 12-01-2050 Real Return	368,000	465	484
Government of Canada 0.75% 10-01-2024	296,000	292	293
Government of Canada 1.00% 09-01-2026	2,879,000	2,832	2,847
Government of Canada 1.50% 06-01-2031	41,000	41	41
Government of Canada 1.50% 12-01-2044 Real Return	117,000	195	201
Government of Canada 1.75% 12-01-2053	41,000	40	41
Government of Canada 2.00% 12-01-2051	370,000	388	398
Muskrat Falls 3.86% 12-01-2048	256,000	296	332
Muskrat Falls/Labrador Transmissions Assets Funding 3.83% 06-01-2037	250,000	281	302
Total Federal Government		4,960	5,069
Provincial Governments			
Hydro-Quebec 4.00% 02-15-2055	202,000	290	273
Ontario Power Generation Inc. 3.215% 04-08-2030	127,000	133	135
Province of Alberta 2.55% 06-01-2027	411,000	421	429
Province of Alberta 2.95% 06-01-2052	180,000	184	196
Province of Alberta 3.05% 12-01-2048	170,000	176	186
Province of Alberta 3.10% 06-01-2050	527,000	557	585
Province of British Columbia 1.55% 06-18-2031	880,000	834	848
Province of British Columbia 2.30% 06-18-2026	188,000	189	194
Province of British Columbia 2.75% 06-18-2052	430,000	422	462
Province of British Columbia 2.95% 06-18-2050	320,000	338	355
Province of Manitoba 2.75% 06-02-2029	267,000	278	283
Province of Manitoba 2.85% 09-05-2046	434,000	419	458
Province of Manitoba 3.20% 03-05-2050	10,000	11	11
Province of Nova Scotia 3.15% 12-01-2051	247,000	293	280
Province of Ontario 1.55% 11-01-2029	334,000	333	327
Province of Ontario 1.90% 12-02-2051	635,000	523	562
Province of Ontario 2.25% 12-02-2031	2,513,000	2,510	2,552
Province of Ontario 2.65% 12-02-2050	79,000	82	82
Province of Ontario 3.45% 06-02-2045	170,000	194	200
Province of Quebec 1.50% 09-01-2031	620,000	590	593
Province of Quebec 3.10% 12-01-2051	755,000	845	865
Province of Quebec 3.50% 12-01-2048	70,000	81	85
Province of Quebec 4.25% 12-01-2043	608,000	710	796

Enhanced Bond Fund 15.03LAK

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Saskatchewan 2.80% 12-02-2052	253,000	255	268
Province of Saskatchewan 3.10% 06-02-2050	510,000	540	568
Total Provincial Governments		11,208	11,593
Municipal Governments			
City of Ottawa 3.05% 05-10-2039	117,000	116	124
City of Ottawa 3.25% 11-10-2047	46,000	50	51
City of Toronto 5.20% 06-01-2040	453,000	575	623
Total Municipal Governments		741	798
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	35,000	35	35
407 International Inc. 3.30% 03-27-2045	38,000	37	40
Aeroports de Montreal 3.03% 04-21-2050	49,000	49	49
AIMCo Realty Investors LP 2.195% 11-04-2026	35,000	35	35
AIMCo Realty Investors LP 2.712% 06-01-2029	121,000	124	124
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	9,000	10	10
Algonquin Power Co. 2.85% 07-15-2031	63,000	63	64
Allied Properties REIT 1.726% 02-12-2026	16,000	16	16
AltaGas Ltd. 2.166% 03-16-2027	78,000	78	77
AltaLink LP 3.668% 11-06-2023	298,000	322	311
ARC Resources Ltd. 2.354% 03-10-2026	49,000	49	49
ARC Resources Ltd. 3.465% 03-10-2031	50,000	50	51
Bank of Montreal 1.551% 05-28-2026	66,000	66	65
Bank of Montreal 1.758% 03-10-2026	87,000	87	86
Bank of Montreal 1.928% 07-22-2031	58,000	58	57
Bank of Montreal 2.37% 02-03-2025	36,000	36	37
Bank of Montreal 2.882% 09-17-2024	109,000	113	112
Bank of Montreal 4.30% 11-26-2025	52,000	52	54
Bank of Montreal Floating Rate 06-01-2027	285,000	285	287
BCI QuadReal Realty 1.056% 03-12-2024	26,000	26	26
BCI QuadReal Realty 1.073% 02-04-2026	39,000	39	38
Bell Canada Inc. 1.65% 08-16-2027	5,000	5	5
Bell Canada Inc. 2.20% 05-29-2028	67,000	67	66
Bell Canada Inc. 2.75% 01-29-2025	211,000	212	216

Enhanced Bond Fund 15.03LAK

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bell Canada Inc. 3.35% 03-12-2025	23,000	23	24
Bell Canada Inc. 3.50% 09-30-2050	46,000	47	44
Bell Canada Inc. 4.45% 02-27-2047	10,000	12	11
BMW Canada Inc. 0.99% 01-14-2025	23,000	23	22
British Columbia Ferry Services Inc. 4.702% 10-23-2043	16,000	20	21
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	117,000	117	122
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	69,000	71	75
Brookfield Infrastructure Partners 3.315% 02-22-2024	59,000	59	61
Brookfield Property Finance ULC 3.93% 01-15-2027	246,000	246	248
Brookfield Property Finance ULC 4.30% 03-01-2024	215,000	217	220
Brookfield Property Finance ULC 4.346% 07-03-2023	113,000	118	115
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	32,000	36	34
Brookfield Renewable Partners ULC 3.33% 08-13-2050	39,000	39	39
Brookfield Renewable Partners ULC 3.38% 01-15-2030	114,000	114	121
Brookfield Renewable Partners ULC 4.29% 11-05-2049	154,000	154	178
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	13,000	13	13
Bruce Power LP 4.00% 06-21-2030	35,000	39	38
Calgary Airport Authority 3.199% 10-07-2036	17,000	17	17
Canada Housing Trust No. 1 Floating Rate 03-15-2026	1,570,000	1,575	1,575
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	220,000	220	213
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	146,000	146	144
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	228,000	231	229
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	42,000	42	41
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	15,000	15	16
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	73,000	73	73
Canadian National Railway Co. 3.00% 02-08-2029	40,000	40	42
Canadian Natural Resources Ltd. 2.50% 01-17-2028	83,000	83	83
Canadian Natural Resources Ltd. 3.31% 02-11-2022	324,000	332	325
Canadian Natural Resources Ltd. 3.42% 12-01-2026	204,000	202	214
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	91,000	91	93
Canadian Tire Corp. Ltd. 3.167% 07-06-2023	93,000	93	95
Canadian Western Bank 1.57% 09-14-2023	16,000	16	16
Canadian Western Bank 1.926% 04-16-2026	234,000	236	232
Canadian Western Bank 2.606% 01-30-2025	23,000	24	23
Canadian Western Bank 5.00% 07-31-2081	17,000	17	17
Canadian Western Bank 6.00% 04-30-2081	24,000	24	26

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian Western Bank Floating Rate 01-22-2024	78,000	78	78
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	12,000	12	12
Capital Power Corp. 4.284% 09-18-2024	54,000	60	57
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	52,000	52	54
CDP Financial Inc. 1.50% 10-19-2026	95,000	95	95
Cenovus Energy Inc. 3.50% 02-07-2028	238,000	238	249
Central 1 Credit Union 2.584% 12-06-2023	178,000	178	182
CGI Inc. 2.10% 09-18-2028	25,000	25	25
Choice Properties REIT 2.456% 11-30-2026	20,000	20	20
Choice Properties REIT 2.848% 05-21-2027	151,000	155	155
Coast Capital Savings Federal Credit Union 5.00% 05-03-2028	96,000	101	100
Cogeco Communications Inc. 2.991% 09-22-2031	30,000	30	30
Corus Entertainment Inc. 5.00% 05-11-2028	15,000	15	15
Crombie REIT 3.133% 08-12-2031	18,000	18	18
Crombie REIT 3.677% 08-26-2026	34,000	34	36
CT REIT 2.371% 01-06-2031	54,000	54	52
CU Inc. 4.085% 09-02-2044	40,000	45	47
CU Inc. 4.543% 10-24-2041	162,000	187	199
Curaleaf Holdings Inc. 8.00% 12-15-2026	40,000	51	51
Dollarama Inc. 1.505% 09-20-2027	41,000	41	39
Dollarama Inc. 2.203% 11-10-2022	181,000	177	183
Dream Industrial REIT 1.662% 12-22-2025	24,000	24	24
Dream Industrial REIT 2.057% 06-17-2027	61,000	61	60
Dream Industrial REIT 2.539% 12-07-2026	26,000	26	26
Enbridge Gas Inc. 3.20% 09-15-2051	24,000	24	25
Enbridge Gas Inc. 3.65% 04-01-2050	10,000	11	11
Enbridge Inc. 3.10% 09-21-2033	589,000	582	582
Enbridge Inc. 5.375% 09-27-2077	209,000	215	221
Enbridge Inc. 6.625% 04-12-2078	60,000	69	68
Enbridge Pipelines Inc. 3.79% 08-17-2023	109,000	117	112
Enbridge Pipelines Inc. 4.33% 02-22-2049	30,000	31	32
EPCOR Utilities Inc. 3.554% 11-27-2047	20,000	21	22
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	94,000	94	98
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	102,000	110	109
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	460,000	460	445
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	37,000	37	36
First National Financial Corp. 2.961% 11-17-2025	27,000	27	27

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Ford Credit Canada Co. 2.961% 09-16-2026	20,000	20	20
Fortified Trust 1.964% 10-23-2026	82,000	82	82
Gibson Energy Inc. 3.60% 09-17-2029	132,000	132	139
Gibson Energy Inc. 5.25% 12-22-2030	74,000	74	75
Glacier Credit Card Trust 2.28% 06-06-2024	439,000	443	446
Granite REIT Holdings LP 2.194% 08-30-2028	42,000	42	41
Granite REIT Holdings LP 2.378% 12-18-2030	20,000	20	19
Granite REIT Holdings LP 3.062% 06-04-2027	286,000	306	297
Greater Toronto Airports Authority 2.75% 10-17-2039	169,000	169	167
Greater Toronto Airports Authority 3.04% 09-21-2022	140,000	142	141
Greater Toronto Airports Authority 5.63% 06-07-2040	132,000	179	183
H&R REIT 2.633% 02-19-2027	60,000	60	60
H&R REIT 2.906% 06-02-2026	62,000	63	63
H&R REIT 4.071% 06-16-2025	62,000	67	66
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	80,000	80	82
Honda Canada Finance Inc. 1.646% 02-25-2028	60,000	60	58
Honda Canada Finance Inc. Floating Rate 02-26-2024	62,000	62	62
HSBC Bank Canada 2.17% 06-29-2022	603,000	596	608
HSBC Bank Canada 2.253% 09-15-2022	71,000	71	72
Hydro One Inc. 1.41% 10-15-2027	62,000	62	60
Hydro One Inc. 2.23% 09-17-2031	56,000	56	55
Hydro One Inc. 3.10% 09-15-2051	10,000	10	10
Hyundai Capital Canada Inc. 2.008% 05-12-2026	30,000	30	30
iA Financial Corp. Inc. 2.40% 02-21-2025	24,000	24	24
Intact Financial Corp. 2.179% 05-18-2028	31,000	31	31
Intact Financial Corp. 4.125% 03-31-2081	12,000	12	12
Inter Pipeline Ltd. 2.608% 09-13-2023	301,000	301	305
Inter Pipeline Ltd. 3.484% 12-16-2026	103,000	103	106
Inter Pipeline Ltd. 3.776% 05-30-2022	54,000	56	55
Inter Pipeline Ltd. 4.232% 06-01-2027	10,000	11	11
Inter Pipeline Ltd. 6.875% 03-26-2079	35,000	35	38
John Deere Financial Inc. 1.63% 04-09-2026	15,000	15	15
Keyera Corp. 3.959% 05-29-2030	68,000	72	72
Keyera Corp. 5.95% 03-10-2081	40,000	40	41
Kruger Packaging Holdings LP 6.00% 06-01-2026	47,000	47	50
Kruger Products LP 5.375% 04-09-2029	7,000	7	7
Laurentian Bank of Canada 1.15% 06-03-2024	42,000	42	41

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Laurentian Bank of Canada 1.603% 05-06-2026	12,000	12	12
Laurentian Bank of Canada 2.55% 06-20-2022	178,000	178	180
Laurentian Bank of Canada 4.25% 06-22-2027	483,000	492	490
Loblaw Companies Ltd. 4.86% 03-12-2023	70,000	77	73
Loblaw Companies Ltd. 6.85% 03-01-2032	82,000	103	107
Lower Mattagami Energy LP 2.433% 05-14-2031	39,000	39	40
Manulife Bank of Canada 1.536% 09-14-2026	58,000	58	57
Manulife Financial Corp. 3.049% 08-20-2029	392,000	401	404
Manulife Financial Corp. 4.10% 03-19-2082	43,000	43	43
MCAP Commercial LP 3.743% 08-25-2025	48,000	48	50
Metro Inc. 3.413% 02-28-2050	81,000	81	79
Metro Inc. 5.03% 12-01-2044	23,000	26	28
Morgan Stanley Floating Rate 03-21-2025	120,000	120	120
National Bank of Canada 1.534% 06-15-2026	35,000	35	34
National Bank of Canada 2.237% 11-04-2026	50,000	50	50
National Bank of Canada 2.58% 02-03-2025	132,000	132	135
National Bank of Canada 3.183% 02-01-2028	106,000	110	108
National Bank of Canada 4.05% 08-15-2081	50,000	50	49
National Bank of Canada 4.30% 11-15-2025	109,000	109	112
North West Redwater Partnership 2.80% 06-01-2027	59,000	61	61
North West Redwater Partnership 3.20% 04-24-2026	83,000	85	87
North West Redwater Partnership 3.70% 02-23-2043	20,000	20	21
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	86,000	86	86
OMERS Finance Trust 2.60% 05-14-2029	134,000	134	140
OMERS Realty Corp. 3.628% 06-05-2030	37,000	43	41
Parkland Corp. of Canada 3.875% 06-16-2026	111,000	111	111
Parkland Corp. of Canada 4.375% 03-26-2029	230,000	230	229
Parkland Corp. of Canada 4.50% 10-01-2029 144A	200,000	252	254
Parkland Corp. of Canada 6.00% 06-23-2028	79,000	79	84
Pembina Pipeline Corp. 2.56% 06-01-2023	133,000	133	135
Pembina Pipeline Corp. 2.99% 01-22-2024	150,000	156	153
Pembina Pipeline Corp. 3.53% 12-10-2031	32,000	32	33
Pembina Pipeline Corp. 4.02% 03-27-2028	64,000	68	69
Pembina Pipeline Corp. 4.54% 04-03-2049	20,000	20	21
Pembina Pipeline Corp. 4.67% 05-28-2050	20,000	21	22
Pembina Pipeline Corp. 4.74% 01-21-2047	15,000	16	16
Pembina Pipeline Corp. 4.75% 03-26-2048	14,000	15	15

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Pembina Pipeline Corp. 4.80% 01-25-2031	60,000	60	59
Pembina Pipeline Corp. 4.81% 03-25-2044	35,000	38	38
Prime Structured Mortgage Trust 1.856% 11-15-2024	54,000	54	54
PSP Capital Inc. 2.05% 01-15-2030	143,000	143	145
Reliance LP 2.67% 08-01-2028	43,000	43	43
Reliance LP 2.68% 12-01-2027	67,000	67	67
Reliance LP 3.75% 03-15-2026	36,000	36	38
RioCan REIT 2.361% 03-10-2027	46,000	46	46
RioCan REIT 2.576% 02-12-2025	104,000	104	106
RioCan REIT 2.829% 11-08-2028	17,000	17	17
Rogers Communication Inc. 5.00% 12-17-2081	95,000	95	96
Rogers Communications Inc. 6.11% 08-25-2040	20,000	25	25
Rogers Communications Inc. 6.68% 11-04-2039	31,000	39	42
Royal Bank of Canada 1.67% 01-28-2033	82,000	82	78
Royal Bank of Canada 1.833% 07-31-2028	92,000	92	90
Royal Bank of Canada 2.088% 06-30-2030	28,000	28	28
Royal Bank of Canada 2.14% 11-03-2031	70,000	70	69
Royal Bank of Canada 2.328% 01-28-2027	129,000	129	130
Royal Bank of Canada 2.88% 12-23-2029	506,000	515	518
Royal Bank of Canada 3.65% 11-24-2081	70,000	70	68
Royal Bank of Canada 4.50% 11-24-2080	7,000	7	7
Russel Metals Inc. 5.75% 10-27-2025	99,000	99	104
Sagen MI Canada Inc. 3.261% 03-05-2031	83,000	82	84
Sagen MI Canada Inc. 4.95% 03-24-2081	28,000	28	28
Saputo Inc. 1.939% 06-13-2022	109,000	111	109
Saputo Inc. 2.242% 06-16-2027	64,000	64	64
Saputo Inc. 2.297% 06-22-2028	21,000	21	21
Shaw Communications Inc. 6.75% 11-09-2039	64,000	84	86
Sienna Senior Living Inc. 2.82% 03-31-2027	14,000	14	14
SmartCentres REIT 3.526% 12-20-2029	132,000	132	138
SmartCentres REIT 3.834% 12-21-2027	37,000	39	39
Sobeys Inc. 4.70% 08-08-2023	200,000	200	208
Summit Industrial Income REIT 1.82% 04-01-2026	34,000	34	33
Summit Industrial Income REIT 2.25% 01-12-2027	64,000	64	64
Summit Industrial Income REIT 2.44% 07-14-2028	21,000	21	21
Sun Life Financial Inc. 2.06% 10-01-2035	110,000	110	105
Sun Life Financial Inc. 2.38% 08-13-2029	260,000	260	264

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sun Life Financial Inc. 2.58% 05-10-2032	208,000	214	212
Sun Life Financial Inc. 2.80% 11-21-2033	79,000	79	81
Sun Life Financial Inc. 3.60% 06-30-2081	49,000	49	48
Suncor Energy Inc. 3.10% 05-24-2029	112,000	117	115
Suncor Energy Inc. 3.95% 03-04-2051	147,000	144	149
Suncor Energy Inc. 5.39% 03-26-2037	80,000	90	97
Superior Plus LP 4.25% 05-18-2028	220,000	221	222
TELUS Corp. 2.05% 10-07-2030	191,000	184	181
TELUS Corp. 2.35% 01-27-2028	55,000	55	55
TELUS Corp. 2.85% 11-13-2031	37,000	37	37
TELUS Corp. 3.15% 02-19-2030	18,000	19	19
TELUS Corp. 3.30% 05-02-2029	122,000	129	128
TELUS Corp. 3.95% 02-16-2050	53,000	56	54
TELUS Corp. 4.85% 04-05-2044	34,000	40	39
Teranet Holdings LP 3.544% 06-11-2025	94,000	94	98
The Bank of Nova Scotia 1.40% 11-01-2027	154,000	150	148
The Bank of Nova Scotia 3.70% 07-27-2081	86,000	86	84
The Bank of Nova Scotia Floating Rate 08-04-2026	88,000	88	88
The Empire Life Insurance Co. 3.625% 04-17-2026	21,000	21	21
The Independent Order of Foresters 2.885% 10-15-2035	100,000	100	101
The Toronto-Dominion Bank 1.888% 03-08-2028	214,000	214	211
The Toronto-Dominion Bank 1.896% 09-11-2028	102,000	102	100
The Toronto-Dominion Bank 1.943% 03-13-2025	288,000	294	289
The Toronto-Dominion Bank 3.06% 01-26-2032	216,000	216	223
The Toronto-Dominion Bank 3.105% 04-22-2030	80,000	82	83
The Toronto-Dominion Bank 3.589% 09-14-2028	228,000	242	235
The Toronto-Dominion Bank 3.60% 10-31-2081	53,000	53	51
Thomson Reuters Corp. 2.239% 05-14-2025	119,000	123	120
TMX Group Ltd. 2.016% 02-12-2031	25,000	25	24
Toronto Hydro Corp. 2.47% 10-20-2031	31,000	31	31
Tourmaline Oil Corp. 2.077% 01-25-2028	19,000	19	19
Tourmaline Oil Corp. 2.529% 02-12-2029	22,000	22	22
Toyota Credit Canada Inc. 1.18% 02-23-2026	40,000	40	39
TransCanada PipeLines Ltd. 3.00% 09-18-2029	24,000	24	25
TransCanada PipeLines Ltd. 3.80% 04-05-2027	29,000	33	31
TransCanada PipeLines Ltd. 4.18% 07-03-2048	45,000	48	47
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	229,000	230	236

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	82,000	82	82
TransCanada Trust 4.20% 03-04-2081	103,000	103	102
Transcontinental Inc. 2.28% 07-13-2026	15,000	15	15
Ventas Canada Finance Ltd. 2.45% 01-04-2027	35,000	35	35
Ventas Canada Finance Ltd. 2.80% 04-12-2024	76,000	78	78
Ventas Canada Finance Ltd. 3.30% 12-01-2031	38,000	38	39
Videotron Ltd. 4.50% 01-15-2030	261,000	261	268
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	56,000	56	55
Waste Management of Canada Corp. 2.60% 09-23-2026	127,000	127	130
WSP Global Inc. 2.408% 04-19-2028	83,000	84	83
Total Corporate - Non-convertible		25,435	25,554
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	5,000	6	6
Total Corporate - Convertible		6	6
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	25,000	10	10
Peoples Trust 1.91% 09-01-2029	180,000	170	172
Scotia Capital Inc. 0.89% 09-01-2026	138,000	133	133
Scotia Capital Inc. 1.25% 03-01-2025	219,000	178	175
Total Mortgage Backed		491	490
Total Canadian Bonds		42,841	43,510

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United States Bonds			
Federal Government			
United States Treasury Inflation Index 0.25% 02-15-2050	247,000	378	406
Total Federal Government		378	406
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	12,000	15	15
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030	5,000	6	6
AT&T Inc. Floating Rate 03-25-2024	25,000	31	32
Athene Global Funding Floating Rate 04-09-2024	102,000	102	102
Bank of America Corp. 1.978% 09-15-2027	64,000	63	63
Bank of America Corp. 2.598% 04-04-2029	64,000	64	65
Bank of America Corp. 3.407% 09-20-2025	242,000	250	252
Bank of America Corp. Floating Rate 09-15-2027	55,000	55	55
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	20,000	25	25
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027	8,000	10	10
Ford Motor Co. 3.25% 02-12-2032	132,000	167	171
Goldman Sachs Group Inc. Floating Rate 04-29-2025	124,000	124	124
JPMorgan Chase & Co. 1.896% 03-05-2028	107,000	107	105
Manulife Finance (Delaware) LP 5.059% 12-15-2041	186,000	212	227
Mastercard Inc. 1.90% 03-15-2031	21,000	26	27
Mav Acquisition Corp. 5.75% 08-01-2028	15,000	19	19
McDonald's Corp. 3.125% 03-04-2025	108,000	109	112
Nestle Holdings Inc. 2.192% 01-26-2029	42,000	42	42
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	27,000	32	34
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	10,000	13	14
Terex Corp. 5.00% 05-15-2029	11,000	14	14
The Estee Lauder Companies Inc. 1.95% 03-15-2031	36,000	45	45
The Goldman Sachs Group Inc. 2.013% 02-28-2028	108,000	108	105
The Goldman Sachs Group Inc. 2.599% 11-30-2027	79,000	79	80
The Walt Disney Co. 3.057% 03-30-2027	252,000	267	262
Univision Communications Inc. 4.50% 05-01-2029	10,000	12	13
Verizon Communications Inc. 2.375% 03-22-2028	117,000	117	117
Verizon Communications Inc. 2.55% 03-21-2031	22,000	27	28
Verizon Communications Inc. 3.55% 03-22-2051	10,000	12	14

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Verizon Communications Inc. Floating Rate 03-20-2026	27,000	34	35
Wells Fargo & Co. 2.975% 05-19-2026	30,000	32	31
Wells Fargo & Co. 3.90% 03-15-2026	22,000	28	28
Total Corporate - Non-convertible		2,247	2,272
Total United States Bonds		2,625	2,678
Global Bonds			
Australia			
National Australia Bank Ltd. 3.515% 06-12-2030	286,000	287	296
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	30,000	33	33
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	30,000	38	37
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	25,000	31	31
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	63,000	63	63
Heathrow Funding Ltd. 3.40% 03-08-2028	115,000	115	119
Heathrow Funding Ltd. 3.726% 04-13-2033	49,000	50	51
Heathrow Funding Ltd. 3.782% 09-04-2032	30,000	30	32
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	134,000	133	142
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	15,000	19	19
United Kingdom			
Lloyds Banking Group PLC 3.50% 02-03-2025	175,000	175	183
National Grid Electricity Transmission PLC 2.301% 06-22-2029	64,000	64	64

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Global Bonds (continued)			
Supra - National			
International Bank for Reconstruction and Development 1.95% 09-20-2029	135,000	135	137
Total Global Bonds		1,173	1,207
Total Bonds		46,639	47,395
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	2,766	266	261
Mackenzie Emerging Markets Local Currency Bond Index ETF *	11,965	1,124	1,020
Mackenzie Floating Rate Income ETF *	134,323	2,588	2,587
Total Canadian Common Stock		3,978	3,868
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	439	7	9
BCE Inc. 3.61% Preferred	773	12	16
BCE Inc. 4.13% Preferred	38	1	1
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	164	4	4
Energy			
TC Energy Corp. 4.90% Preferred	2,233	56	57
TransAlta Corp. 4.027% Preferred	130	2	3
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	428	11	11
Utilities			
Emera Inc. 4.25% Preferred	36	1	1

*The issuer of this security is a related company to the issuer of the Fund.

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Canadian Preferred Stock (continued)			
Utilities (continued)			
Emera Inc. 4.60% Preferred	420	11	11
TransAlta Corp. 2.709% Preferred	705	9	11
Total Canadian Preferred Stock		114	124
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	946	24	24
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	361	9	9
Total Global Common Stock		33	33
Total Stocks		4,125	4,025

Enhanced Bond Fund 15.03LAK

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.8062	January 14, 2022	United States Dollar	809	Canadian Dollar	794	16
					Derivatives - Assets	16
1.2441	January 14, 2022	Canadian Dollar	142	United States Dollar	143	(2)
1.2597	January 14, 2022	Canadian Dollar	1,495	United States Dollar	1,500	(5)
1.2359	February 18, 2022	Canadian Dollar	23	United States Dollar	24	-
1.2569	February 18, 2022	Canadian Dollar	922	United States Dollar	927	(5)
					Derivatives - Liabilities	(12)
Total Forward Currency Contracts						4

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(39)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 4,718	CAD 120.98	(3)
(2)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 394	CAD 197.13	(4)
					Derivatives - Liabilities	(7)
Total Futures Contracts						(7)

Total Derivative Instruments at Fair Value (3)

Transaction Costs (see notes to financial statements (note 2)) (1)

Total Investments 50,763 51,417

Enhanced Bond Fund 15.03LAK

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Enhanced Bond Fund 15.03LAK (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Enhanced Bond Fund 15.03LAK

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021						
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 90	\$ 36	\$ 126	\$ 1		
Total	\$ 90	\$ 36	\$ 126	\$ 1		
As Percent of Net Assets Attributable to Contractholders				0.2%		

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 1,673	\$ 14,149	\$ 17,182	\$ 14,391	\$ 47,395	
December 31, 2020						
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total	
Bonds	\$ 973	\$ 17,400	\$ 20,199	\$ 17,216	\$ 55,788	

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$3,553 (\$4,447 at December 31, 2020) or approximately 6.8% (7.8% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Enhanced Bond Fund 15.03LAK

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	9.0	8.2	7.0	6.9
AA	22.5	20.5	30.6	29.9
A	27.0	24.7	32.1	31.4
BBB	33.6	30.7	26.0	25.4
BB and lower	7.3	6.7	4.0	3.9
NR *	0.6	0.6	0.3	0.3
Total	100.0	91.4	100.0	97.8

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$40 (\$5 at December 31, 2020) or approximately 0% (0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Enhanced Bond Fund 15.03LAK

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 47,389	\$ 6	\$ 47,395
Stocks	4,025	—	—	4,025
Derivatives	—	16	—	16
Total assets measured at fair value	\$ 4,025	\$ 47,405	\$ 6	\$ 51,436
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 7	\$ 12	\$ —	\$ 19
Net assets attributable to contractholders measured at fair value	\$ 4,018	\$ 47,393	\$ 6	\$ 51,417

⁽¹⁾ Excludes collateral pledged to counterparties of \$179.

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 55,788	\$ —	\$ 55,788
Stocks	532	—	—	532
Derivatives	—	—	—	—
Total assets measured at fair value	\$ 532	\$ 55,788	\$ —	\$ 56,320

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds		Bonds	
Balance, beginning of year	\$ —	\$ —	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—		—	
Purchases	—		—	
Sales	—		—	
Settlements	—		—	
Transfers into Level 3	6		—	
Transfers out of Level 3	—		—	
Balance, end of year	\$ 6	\$ —	\$ —	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —	\$ —	\$ —

Enhanced Bond Fund 15.03LAK

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	13,189	14,218	13,671	17,108	21,993	3,797	4,260	3,830	4,571	5,927
Individual Back-End Load (IB)	9,573	11,978	14,785	15,844	19,714	2,825	3,679	4,246	4,340	5,450
Managed Money (IC)	1,458	2,538	2,999	3,467	5,560	490	880	963	1,052	1,686
75/75 guarantee policy	231,161	284,708	312,117	282,380	283,659	3,115	3,993	4,093	3,532	3,581
75/100 guarantee policy	245,612	298,794	318,803	329,832	381,865	3,285	4,161	4,154	4,101	4,795
100/100 guarantee policy	6,492	8,296	6,561	6,382	8,306	86	115	85	79	104
PS1 75/75 guarantee policy	275,011	328,400	332,836	341,051	402,389	3,357	4,144	3,900	3,786	4,478
PS1 75/100 guarantee policy	162,693	192,883	205,094	168,809	146,620	1,975	2,422	2,393	1,867	1,627
PS1 100/100 guarantee policy	2,057	2,403	3,073	4,384	4,214	25	30	36	48	46
PS2 75/75 guarantee policy	214,528	262,069	276,449	237,777	227,312	3,000	3,737	3,610	2,901	2,742
PS2 75/100 guarantee policy	61,896	79,837	91,632	73,645	80,156	866	1,138	1,197	899	967
PS2 100/100 guarantee policy	1,494	1,523	3,085	3,145	16,910	21	22	40	38	204
PS 75/75 guarantee policy	26,577	26,785	27,466	5,149	—	290	303	289	51	—
PS 75/100 guarantee policy	947	1,158	1,166	1,174	—	10	13	12	12	—
PPS 75/75 guarantee policy	1,878	1,843	2,031	2,050	—	21	21	22	21	—
PPS 75/100 guarantee policy	—	—	31	—	—	—	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	287.86	299.60	280.13	267.20	269.48	(11.74)	19.47
Individual Back-End Load (IB)	295.11	307.15	287.19	273.94	276.46	(12.04)	19.96
Managed Money (IC)	336.30	346.75	321.19	303.49	303.30	(10.45)	25.56
75/75 guarantee policy	13.47	14.02	13.11	12.51	12.62	(0.55)	0.91
75/100 guarantee policy	13.37	13.93	13.03	12.43	12.56	(0.56)	0.90
100/100 guarantee policy	13.26	13.82	12.94	12.35	12.48	(0.56)	0.88
PS1 75/75 guarantee policy	12.21	12.62	11.72	11.10	11.13	(0.41)	0.90
PS1 75/100 guarantee policy	12.14	12.56	11.67	11.06	11.09	(0.42)	0.89
PS1 100/100 guarantee policy	12.01	12.44	11.57	10.98	11.02	(0.43)	0.87
PS2 75/75 guarantee policy	13.99	14.26	13.06	12.20	12.06	(0.27)	1.20
PS2 75/100 guarantee policy	13.99	14.26	13.06	12.20	12.06	(0.27)	1.20
PS2 100/100 guarantee policy	13.98	14.26	13.06	12.20	12.06	(0.28)	1.20
PS 75/75 guarantee policy	10.93	11.31	10.52	9.98	—	(0.38)	0.79
PS 75/100 guarantee policy	10.90	11.29	10.51	9.97	—	(0.39)	0.78
PPS 75/75 guarantee policy	11.19	11.50	10.62	10.01	—	(0.31)	0.88
PPS 75/100 guarantee policy	—	—	10.61	—	—	—	—

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Enhanced Bond Fund 15.03LAK

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Enhanced Bond Fund 15.03LAK

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.07	2.06	2.08	2.09	2.30
Individual Back-End Load (IB)	2.07	2.07	2.08	2.08	2.08
Managed Money (IC)	1.13	1.13	1.13	1.14	1.24
75/75 guarantee policy	2.07	2.07	2.07	2.08	2.07
75/100 guarantee policy	2.12	2.12	2.13	2.14	2.13
100/100 guarantee policy	2.18	2.17	2.19	2.20	2.19
PS1 75/75 guarantee policy	1.38	1.38	1.39	1.41	1.44
PS1 75/100 guarantee policy	1.44	1.44	1.44	1.47	1.50
PS1 100/100 guarantee policy	1.55	1.55	1.55	1.58	1.61
PS 75/75 guarantee policy	1.51	1.51	1.52	1.52	—
PS 75/100 guarantee policy	1.58	1.58	1.59	1.57	—
PPS 75/75 guarantee policy	0.83	0.83	0.84	0.83	—
PPS 75/100 guarantee policy	—	—	0.93	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	84.48	64.58	85.46	35.43	31.55

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY FUND 15.02SAM

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Equity Fund 15.02SAM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Equity Fund 15.02SAM

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,003	\$ 1,548
Investment income due and accrued	82	110
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	17	17
Investments		
Bonds	—	—
Stocks	100,181	130,515
Investment fund units	—	—
Total investments	100,181	130,515
Total assets	\$ 101,283	\$ 132,190
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	54	60
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	54	60
Net assets attributable to contractholders	\$ 101,229	\$ 132,130

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 21,016	\$ 4,821
Miscellaneous income (loss)	73	(66)
Total income	21,089	4,755
Expenses		
Management fees (note 7)	1,150	1,113
Transaction costs	27	75
Withholding taxes	270	536
Other	123	121
Total expenses	1,570	1,845
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 19,519	\$ 2,910

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 132,130	\$ 216,632
Contractholder deposits	5,974	14,112
Contractholder withdrawals	(56,394)	(101,524)
Increase (decrease) in net assets from operations attributable to contractholders	19,519	2,910
Change in net assets attributable to contractholders	(30,901)	(84,502)
Net assets attributable to contractholders - end of year	\$ 101,229	\$ 132,130

Global Equity Fund 15.02SAM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 19,519	\$ 2,910
Adjustments		
Realized (gains) losses	(14,063)	(25,267)
Unrealized (gains) losses	(4,900)	24,797
Gross proceeds of disposition of investments	60,901	120,250
Gross payments for the purchase of investments	(11,604)	(37,932)
Change in investment income due and accrued	28	77
Change in due from/to The Canada Life Assurance Company	(6)	(147)
	<u>49,875</u>	<u>84,688</u>
Financing Activities		
Contractholder deposits	5,974	14,112
Contractholder withdrawals	(56,394)	(101,524)
	<u>(50,420)</u>	<u>(87,412)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(545)	(2,724)
Cash, short-term deposits and overdrafts, beginning of year	1,548	4,272
Cash, short-term deposits and overdrafts, end of year	\$ 1,003	\$ 1,548
Supplementary cash flow information		
Dividend income received	\$ 2,081	\$ 4,427

Global Equity Fund 15.02SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Materials			
Sandstorm Gold Ltd. [USD]	77,565	403	608
Total Canadian Common Stock		403	608
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	930	1,892	3,408
Charter Communications Inc.	1,101	778	908
Consumer Discretionary			
Booking Holdings Inc.	683	1,707	2,073
Lowe's Companies Inc.	4,047	379	1,323
McDonald's Corp.	8,253	1,630	2,799
Nike Inc. Class B	11,563	774	2,438
Consumer Staples			
Costco Wholesale Corp.	3,798	1,797	2,728
PepsiCo Inc.	4,012	452	882
Sysco Corp.	1,480	72	147
Energy			
Exxon Mobil Corp.	11,851	1,099	917
HollyFrontier Corp.	14,293	669	593
Financials			
Berkshire Hathaway Inc. Class B	8,129	1,308	3,075
Federated Hermes Inc.	21,716	738	1,032
Markel Corp.	706	616	1,102
S&P Global Inc.	1,866	753	1,114
SEI Investments Co.	23,244	1,783	1,792
Health Care			
Johnson & Johnson Inc.	10,041	1,265	2,173
Pfizer Inc.	3,582	134	268
Quest Diagnostics Inc.	1,995	150	437
Thermo Fisher Scientific Inc.	1,296	338	1,094
UnitedHealth Group Inc.	2,589	380	1,645

Global Equity Fund 15.02SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Industrials			
O-I Glass Inc.	63,372	1,589	964
Oshkosh Corp.	12,112	690	1,727
Information Technology			
DXC Technology Co.	38,804	2,044	1,580
Electronic Arts Inc.	7,154	1,193	1,194
Hewlett-Packard Enterprise Co.	28,732	377	573
Keysight Technologies Inc.	8,671	536	2,265
Microsoft Corp.	11,198	774	4,764
NCR Corp.	13,555	441	689
Oracle Corp.	25,185	1,093	2,778
Utilities			
Exelon Corp.	22,787	1,053	1,665
Total United States Common Stock		28,504	50,147
Global Common Stock			
Belgium			
Groupe Bruxelles Lambert SA *	10,782	1,256	1,523
Bermuda			
Lancashire Holdings Ltd.	137,107	1,563	1,244
Liberty Latin America Ltd. Class A	4,126	170	61
Liberty Latin America Ltd. Class C	2,585	111	37
Cayman Islands			
Tencent Holdings Ltd.	6,000	440	445
Denmark			
Tryg AS	35,102	1,083	1,097
France			
Air Liquide SA	3,746	684	827
Pernod Ricard SA *	3,037	530	924
Sanofi SA	7,120	745	908

*The issuer of this security is a related company to the issuer of the Fund.

Global Equity Fund 15.02SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Germany			
BASF SE	11,501	1,030	1,022
Greece			
Hellenic Telecommunications Organization SA	19,020	274	445
Ireland			
Bank of Ireland Group PLC	119,060	502	854
C&C Group PLC	118,492	557	471
CRH PLC [EUR]	18,951	569	1,269
DCC PLC	21,056	1,526	2,181
Johnson Controls International PLC	26,803	1,289	2,757
Kerry Group PLC Class A	4,203	346	685
Medtronic Co. PLC	7,572	831	991
Mincon Group PLC	540,033	754	1,018
Origin Enterprises PLC	128,614	1,140	611
Steris PLC	4,801	536	1,478
Isle Of Man			
Playtech PLC	179,834	1,399	2,255
Israel			
Bank Leumi Le-Israel	110,924	636	1,510
Italy			
Eni SPA	26,699	591	467
Terna SPA	94,552	669	964
Japan			
Alfresca Holdings Corp.	42,000	1,098	708
Astellas Pharma Inc.	33,800	550	695
Luxembourg			
Tenaris SA	39,668	617	523
Netherlands			
Heineken Holdings NV	8,050	962	939

Global Equity Fund 15.02SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Portugal			
Redes Energeticas Nacionais SGPS SA	188,023	682	689
South Korea			
Samsung Electronics Co. Ltd.	33,275	2,123	2,760
SK Square Co. Ltd.	3,869	231	273
SK Telecom Co. Ltd.	5,985	354	368
Spain			
Viscofan SA	13,801	989	1,127
Sweden			
Telefonaktiebolaget LM Ericsson	122,452	1,052	1,700
Switzerland			
Alcon Inc.	11,981	957	1,334
Cie Financiere Richemont SA Warrant 11-25-2023	18,834	-	26
Compagnie Financiere Richemont SA	5,329	455	1,006
Nestle SA	4,938	706	872
Novartis AG	9,846	1,061	1,093
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	11,766	333	1,791
United Kingdom			
Close Brothers Group PLC	24,604	596	591
J.D. Wetherspoon PLC	18,829	292	310
Liberty Global PLC Class A	26,429	1,078	927
Liberty Global PLC Class C	11,177	553	397
Melrose Industries PLC	448,206	1,268	1,227
National Grid PLC	72,836	1,057	1,321
Smiths Group PLC	26,190	539	708
Tesco PLC	133,561	751	663
Unilever PLC	12,438	776	842

Global Equity Fund 15.02SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock (continued)			
United Kingdom (continued)			
Vodafone Group PLC	255,997	881	492
Total Global Common Stock		39,192	49,426
Total Stocks		68,099	100,181
Transaction Costs (see notes to financial statements (note 2))		(64)	
Total Investments		68,035	100,181

Global Equity Fund 15.02SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Global Equity Fund 15.02SAM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Global Equity Fund 15.02SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 59,195	\$ 9	\$ 59,204	\$ 592
Euro	15,637	—	15,637	156
United Kingdom Pound Sterling	11,462	—	11,462	115
Other Currencies	13,887	—	13,887	139
Total	\$ 100,181	\$ 9	\$ 100,190	\$ 1,002
As Percent of Net Assets Attributable to Contractholders			99.0%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 73,808	\$ 6	\$ 73,814	\$ 738
Euro	23,102	5	23,107	231
United Kingdom Pound Sterling	18,102	—	18,102	181
Other Currencies	15,503	16	15,519	155
Total	\$ 130,515	\$ 27	\$ 130,542	\$ 1,305
As Percent of Net Assets Attributable to Contractholders			98.8%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,002 (\$1,305 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Global Equity Fund 15.02SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 82,935	\$ 17,246	\$ —	\$ 100,181
Total assets measured at fair value	\$ 82,935	\$ 17,246	\$ —	\$ 100,181

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 76,160	\$ 54,355	\$ —	\$ 130,515
Total assets measured at fair value	\$ 76,160	\$ 54,355	\$ —	\$ 130,515

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Global Equity Fund 15.02SAM

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	46,593	56,499	91,859	146,806	119,481	17,885	17,791	27,987	39,216	32,170
Individual No-Load (IA)	22,324	26,219	29,723	34,059	38,432	10,705	10,608	11,968	12,367	14,467
Individual Back-End Load (IB)	15,476	18,476	23,335	28,256	32,460	7,614	7,669	9,639	10,526	12,544
Managed Money (IC)	9,747	10,921	15,228	16,990	19,541	5,832	5,444	7,458	7,409	8,721
75/75 guarantee policy	289,667	337,937	377,267	379,976	315,909	8,912	8,772	9,745	8,852	7,635
75/100 guarantee policy	101,809	125,006	140,909	142,514	128,634	3,081	3,197	3,592	3,282	3,078
100/100 guarantee policy	8,917	13,652	17,750	15,579	14,057	257	334	434	345	324
PS1 75/75 guarantee policy	260,932	256,033	297,772	333,950	277,950	7,649	6,303	7,262	7,310	6,280
PS1 75/100 guarantee policy	99,204	112,314	113,032	118,658	90,177	2,816	2,687	2,687	2,541	2,000
PS1 100/100 guarantee policy	5,714	7,879	3,118	5,645	6,997	156	182	72	117	151
PS2 75/75 guarantee policy	477,991	514,744	553,023	615,070	617,282	17,641	15,580	16,189	15,782	15,959
PS2 75/100 guarantee policy	140,017	163,985	207,804	186,223	98,741	5,168	4,963	6,083	4,778	2,553
PS2 100/100 guarantee policy	1,706	1,752	11,040	11,329	7,733	63	53	323	291	200
PS 75/75 guarantee policy	77,925	93,615	88,085	10,242	—	997	999	925	96	—
PS 75/100 guarantee policy	34,062	45,720	36,727	2,441	—	433	486	385	23	—
PPS 75/75 guarantee policy	159,457	156,072	101,620	75,278	—	2,072	1,685	1,075	707	—
PPS 75/100 guarantee policy	9,181	9,542	3,861	—	—	118	102	41	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	383.86	314.90	304.67	267.13	269.25	68.96	10.23
Individual No-Load (IA)	479.54	404.60	402.64	363.12	376.43	74.94	1.96
Individual Back-End Load (IB)	491.96	415.07	413.06	372.52	386.45	76.89	2.01
Managed Money (IC)	598.36	498.47	489.77	436.09	446.28	99.89	8.70
75/75 guarantee policy	30.77	25.96	25.83	23.30	24.17	4.81	0.13
75/100 guarantee policy	30.26	25.57	25.49	23.03	23.93	4.69	0.08
100/100 guarantee policy	28.86	24.46	24.45	22.15	23.08	4.40	0.01
PS1 75/75 guarantee policy	29.32	24.62	24.39	21.89	22.59	4.70	0.23
PS1 75/100 guarantee policy	28.39	23.92	23.78	21.41	22.18	4.47	0.14
PS1 100/100 guarantee policy	27.25	23.05	23.00	20.80	21.63	4.20	0.05
PS2 75/75 guarantee policy	36.91	30.27	29.27	25.66	25.85	6.64	1.00
PS2 75/100 guarantee policy	36.91	30.27	29.27	25.66	25.85	6.64	1.00
PS2 100/100 guarantee policy	36.91	30.27	29.27	25.66	25.85	6.64	1.00
PS 75/75 guarantee policy	12.79	10.67	10.50	9.37	—	2.12	0.17
PS 75/100 guarantee policy	12.72	10.63	10.48	9.36	—	2.09	0.15
PPS 75/75 guarantee policy	13.00	10.80	10.58	9.39	—	2.20	0.22
PPS 75/100 guarantee policy	12.85	10.71	10.52	—	—	2.14	0.19

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Equity Fund 15.02SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Global Equity Fund 15.02SAM

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.84	2.85	2.86	2.92	3.20
Individual Back-End Load (IB)	2.84	2.85	2.86	2.92	2.98
Managed Money (IC)	1.57	1.58	1.58	1.59	1.70
75/75 guarantee policy	2.84	2.85	2.86	2.91	2.98
75/100 guarantee policy	3.01	3.02	3.02	3.08	3.13
100/100 guarantee policy	3.30	3.29	3.30	3.38	3.50
PS1 75/75 guarantee policy	2.38	2.39	2.39	2.40	2.39
PS1 75/100 guarantee policy	2.71	2.72	2.72	2.74	2.73
PS1 100/100 guarantee policy	3.10	3.09	3.13	3.16	3.18
PS 75/75 guarantee policy	1.74	1.74	1.74	1.75	—
PS 75/100 guarantee policy	1.90	1.90	1.91	1.91	—
PPS 75/75 guarantee policy	1.27	1.27	1.28	1.28	—
PPS 75/100 guarantee policy	1.60	1.60	1.61	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	11.04	22.46	13.36	16.40	15.22

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
NORTH AMERICAN EQUITY FUND 6.11B

December 31, 2021

Independent Auditor's Report

To the Contractholders of North American Equity Fund 6.11B (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

North American Equity Fund 6.11B

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,551	\$ 3,641
Investment income due and accrued	379	274
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	232	276
Due from outside parties	1	—
Investments		
Bonds	—	—
Stocks	191,720	150,582
Investment fund units	—	—
Total investments	191,720	150,582
Total assets	\$ 193,883	\$ 154,773
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	419	164
Due to brokers	75	59
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	494	223
Net assets attributable to contractholders	\$ 193,389	\$ 154,550

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 37,082	\$ 5,277
Miscellaneous income (loss)	(1)	10
Total income	37,081	5,287
Expenses		
Management fees (note 7)	1,978	1,790
Transaction costs	66	68
Withholding taxes	148	217
Other	208	188
Total expenses	2,400	2,263
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 34,681	\$ 3,024

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 154,550	\$ 141,181
Contractholder deposits	34,255	25,735
Contractholder withdrawals	(30,097)	(15,390)
Increase (decrease) in net assets from operations attributable to contractholders	34,681	3,024
Change in net assets attributable to contractholders	38,839	13,369
Net assets attributable to contractholders - end of year	\$ 193,389	\$ 154,550

North American Equity Fund 6.11B

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 34,681	\$ 3,024
Adjustments		
Realized (gains) losses	(19,285)	(3,599)
Unrealized (gains) losses	(12,872)	3,007
Gross proceeds of disposition of investments	69,328	51,888
Gross payments for the purchase of investments	(78,309)	(63,953)
Change in investment income due and accrued	(105)	(36)
Change in due from/to The Canada Life Assurance Company	255	(52)
Change in due from/to brokers	60	(214)
Change in due from/to outside parties	(1)	1
	<u>(6,248)</u>	<u>(9,934)</u>
Financing Activities		
Contractholder deposits	34,255	25,735
Contractholder withdrawals	(30,097)	(15,390)
	<u>4,158</u>	<u>10,345</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,090)	411
Cash, short-term deposits and overdrafts, beginning of year	3,641	3,230
Cash, short-term deposits and overdrafts, end of year	\$ 1,551	\$ 3,641
Supplementary cash flow information		
Dividend income received	\$ 4,815	\$ 4,629

North American Equity Fund 6.11B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	76,440	1,718	2,182
Rogers Communications Inc. Class B non-voting	114,520	6,071	6,899
TELUS Corp.	96,900	1,870	2,887
Consumer Discretionary			
BRP Inc.	7,940	819	880
Canadian Tire Corp. Ltd. Class A non-voting	19,463	2,402	3,531
Magna International Inc.	41,650	2,549	4,263
Restaurant Brands International Inc.	67,490	5,080	5,176
Consumer Staples			
Alimentation Couche-Tard Inc.	122,210	4,940	6,478
George Weston Ltd.	14,920	1,450	2,188
Loblaw Companies Ltd.	10,430	607	1,081
Metro Inc.	68,030	3,030	4,580
Saputo Inc.	118,030	4,370	3,364
Energy			
Hydro One Ltd.	47,700	1,212	1,570
Suncor Energy Inc.	133,220	4,452	4,216
TC Energy Corp.	100,350	5,620	5,904
Financials			
Bank of Montreal	26,160	2,543	3,563
Brookfield Asset Management Inc.	109,400	4,091	8,357
Manulife Financial Corp.	179,400	4,454	4,325
Onex Corp. sub. voting	25,980	1,889	2,579
Royal Bank of Canada	66,520	5,625	8,930
Sun Life Financial Inc.	87,160	4,558	6,137
The Bank of Nova Scotia	15,345	960	1,374
The Toronto-Dominion Bank	150,420	8,031	14,589
Industrials			
CAE Inc.	85,420	2,290	2,726
Canadian National Railway Co.	48,590	5,453	7,550
Canadian Pacific Railway Ltd.	47,590	3,475	4,330
Finning International Inc.	61,880	1,470	1,973

North American Equity Fund 6.11B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Industrials (continued)			
Ritchie Bros. Auctioneers Inc.	26,630	2,183	2,061
Information Technology			
Open Text Corp.	70,120	3,110	4,210
Materials			
CCL Industries Inc. Class B non-voting	56,190	2,751	3,811
Franco-Nevada Corp. [CAD]	7,680	947	1,344
Nutrien Ltd. [CAD]	46,658	2,742	4,436
Utilities			
Fortis Inc.	65,810	3,625	4,016
Total Canadian Common Stock		106,387	141,510
United States Common Stock			
Communication Services			
Comcast Corp. Class A	20,870	1,132	1,329
Omnicom Group Inc.	28,870	2,618	2,676
The Interpublic Group of Companies Inc.	22,530	1,049	1,067
Verizon Communications Inc.	33,720	2,341	2,216
Consumer Discretionary			
AutoZone Inc.	238	333	631
eBay Inc.	26,620	1,776	2,239
Gentex Corp.	26,560	1,190	1,171
Harley-Davidson Inc.	43,260	2,122	2,063
Polaris Inc.	12,500	2,032	1,738
Consumer Staples			
Campbell Soup Co.	41,110	2,444	2,260
Kellogg Co.	29,810	2,461	2,429
Kimberly-Clark Corp.	14,790	2,460	2,674
Financials			
American Express Co.	6,650	997	1,376
Ameriprise Financial Inc.	6,000	1,255	2,290

North American Equity Fund 6.11B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Financials (continued)			
SEI Investments Co.	17,800	1,256	1,372
Health Care			
AmerisourceBergen Corp.	11,040	1,368	1,856
Amgen Inc.	9,210	2,604	2,621
Biogen Inc.	5,630	2,030	1,709
Merck & Co. Inc.	26,950	2,659	2,613
Industrials			
Cummins Inc.	3,690	889	1,018
Flowserve Corp.	38,630	1,717	1,495
Ingersoll-Rand Inc.	12,353	586	967
MillerKnoll Inc.	32,360	1,738	1,604
Parker Hannifin Corp.	1,420	408	571
Wabtec Corp.	22,700	2,011	2,645
Information Technology			
NetApp Inc.	2,820	276	328
NortonLifeLock Inc.	68,320	1,951	2,245
Materials			
PPG Industries Inc.	2,330	349	508
Total United States Common Stock		44,052	47,711
Global Common Stock			
Guernsey			
Amdocs Ltd.	26,400	2,292	2,499
Total Global Common Stock		2,292	2,499
Total Stocks		152,731	191,720
Transaction Costs (see notes to financial statements (note 2))		(97)	
Total Investments		152,634	191,720

North American Equity Fund 6.11B

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	23,971	24,079	22,689	22,690	22,604	28,861	23,623	21,489	18,550	18,999
Individual No-Load (IA)	14,159	16,221	18,629	21,912	25,964	13,994	13,428	15,303	15,970	19,993
Individual Back-End Load (IB)	11,239	12,993	14,913	17,978	19,948	11,669	11,299	12,869	13,764	16,146
Managed Money (IC)	6,460	7,958	7,340	8,065	8,295	5,999	6,105	5,510	5,299	5,679
75/75 guarantee policy	539,280	591,441	650,306	589,115	468,783	15,389	14,136	15,423	12,396	10,429
75/100 guarantee policy	343,636	411,731	495,047	475,956	393,421	9,646	9,700	11,598	9,914	8,679
100/100 guarantee policy	28,871	32,745	38,328	35,149	35,143	772	738	862	705	750
PS1 75/75 guarantee policy	582,299	563,861	657,219	622,309	517,727	14,815	11,967	13,784	11,534	10,099
PS1 75/100 guarantee policy	382,726	422,198	474,110	452,953	352,068	9,533	8,792	9,778	8,273	6,783
PS1 100/100 guarantee policy	8,677	13,106	18,521	24,383	25,761	209	265	372	436	487
PS2 75/75 guarantee policy	696,242	746,032	803,870	842,210	863,888	22,245	19,416	20,190	18,254	19,243
PS2 75/100 guarantee policy	228,882	263,878	327,796	336,728	312,476	7,313	6,868	8,233	7,298	6,960
PS2 100/100 guarantee policy	4,515	4,642	5,120	7,800	5,483	144	121	129	169	122
PS 75/75 guarantee policy	81,625	101,832	102,763	13,494	—	1,061	1,096	1,086	125	—
PS 75/100 guarantee policy	22,467	34,141	36,431	1,049	—	290	366	384	10	—
PPS 75/75 guarantee policy	86,038	81,769	75,260	45,577	—	1,134	889	800	423	—
PPS 75/100 guarantee policy	43,644	42,287	23,832	—	—	571	457	252	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	1,204.01	981.09	947.10	817.56	840.49	222.92	33.99
Individual No-Load (IA)	988.36	827.82	821.44	728.82	770.00	160.54	6.38
Individual Back-End Load (IB)	1,038.26	869.61	862.91	765.62	809.44	168.65	6.70
Managed Money (IC)	928.66	767.15	750.79	657.02	684.56	161.51	16.36
75/75 guarantee policy	28.54	23.90	23.72	21.04	22.25	4.64	0.18
75/100 guarantee policy	28.07	23.56	23.43	20.83	22.06	4.51	0.13
100/100 guarantee policy	26.74	22.53	22.48	20.06	21.33	4.21	0.05
PS1 75/75 guarantee policy	25.44	21.22	20.97	18.53	19.51	4.22	0.25
PS1 75/100 guarantee policy	24.91	20.82	20.62	18.26	19.27	4.09	0.20
PS1 100/100 guarantee policy	24.13	20.24	20.11	17.87	18.91	3.89	0.13
PS2 75/75 guarantee policy	31.95	26.03	25.12	21.67	22.27	5.92	0.91
PS2 75/100 guarantee policy	31.95	26.03	25.12	21.67	22.27	5.92	0.91
PS2 100/100 guarantee policy	31.95	26.03	25.12	21.67	22.27	5.92	0.91
PS 75/75 guarantee policy	13.00	10.76	10.56	9.27	—	2.24	0.20
PS 75/100 guarantee policy	12.90	10.71	10.53	9.26	—	2.19	0.18
PPS 75/75 guarantee policy	13.18	10.87	10.63	9.29	—	2.31	0.24
PPS 75/100 guarantee policy	13.08	10.81	10.59	—	—	2.27	0.22

North American Equity Fund 6.11B

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the North American Equity Fund 6.11B (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 50,210	\$ 19	\$ 50,229	\$ 502
Total	\$ 50,210	\$ 19	\$ 50,229	\$ 502
As Percent of Net Assets Attributable to Contractholders			26.0%	0.3%

*Includes both monetary and non-monetary instruments

North American Equity Fund 6.11B

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 39,766	\$ 19	\$ 39,785	\$ 398
Total	\$ 39,766	\$ 19	\$ 39,785	\$ 398
As Percent of Net Assets Attributable to Contractholders			25.7%	0.3%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,917 (\$1,506 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 191,720	\$ —	\$ —	\$ 191,720
Total assets measured at fair value	\$ 191,720	\$ —	\$ —	\$ 191,720

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 150,582	\$ —	\$ —	\$ 150,582
Total assets measured at fair value	\$ 150,582	\$ —	\$ —	\$ 150,582

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

North American Equity Fund 6.11B

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

North American Equity Fund 6.11B

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.78	2.79	2.79	2.84	3.11
Individual Back-End Load (IB)	2.78	2.79	2.79	2.84	2.89
Managed Money (IC)	1.40	1.40	1.40	1.41	1.51
75/75 guarantee policy	2.78	2.78	2.78	2.83	2.88
75/100 guarantee policy	2.99	3.00	2.99	3.00	2.98
100/100 guarantee policy	3.37	3.37	3.37	3.38	3.37
PS1 75/75 guarantee policy	2.37	2.38	2.38	2.38	2.36
PS1 75/100 guarantee policy	2.60	2.60	2.60	2.60	2.59
PS1 100/100 guarantee policy	2.93	2.93	2.93	2.94	2.92
PS 75/75 guarantee policy	1.68	1.68	1.68	1.67	—
PS 75/100 guarantee policy	1.89	1.89	1.89	1.88	—
PPS 75/75 guarantee policy	1.27	1.27	1.27	1.27	—
PPS 75/100 guarantee policy	1.49	1.49	1.49	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	38.68	40.93	14.15	27.43	20.38

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND 6.12B**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 6.12B (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 6.12B

(in Canadian \$ thousands)

Fund Manager: Beutel, Goodman & Company Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 2,880	\$ 5,726
Investment income due and accrued	730	659
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	181	253
Due from outside parties	—	—
Investments		
Bonds	82,354	79,316
Stocks	181,677	170,237
Investment fund units	—	—
Total investments	264,031	249,553
Total assets	\$ 267,822	\$ 256,191
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	159	171
Due to brokers	58	55
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	217	226
Net assets attributable to contractholders	\$ 267,605	\$ 255,965

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 33,810	\$ 17,182
Miscellaneous income (loss)	12	26
Total income	33,822	17,208
Expenses		
Management fees (note 7)	5,585	5,321
Transaction costs	71	102
Withholding taxes	227	488
Other	618	586
Total expenses	6,501	6,497
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 27,321	\$ 10,711

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 255,965	\$ 275,624
Contractholder deposits	21,586	2,389
Contractholder withdrawals	(37,267)	(32,759)
Increase (decrease) in net assets from operations attributable to contractholders	27,321	10,711
Change in net assets attributable to contractholders	11,640	(19,659)
Net assets attributable to contractholders - end of year	\$ 267,605	\$ 255,965

Balanced Fund 6.12B

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 27,321	\$ 10,711
Adjustments		
Add back amortization of premium (discount)	—	(6)
Realized (gains) losses	(22,642)	(11,080)
Unrealized (gains) losses	(4,357)	2,889
Gross proceeds of disposition of investments	208,263	252,049
Gross payments for the purchase of investments	(195,742)	(225,577)
Change in investment income due and accrued	(71)	66
Change in due from/to The Canada Life Assurance Company	(12)	65
Change in due from/to brokers	75	(198)
	<u>12,835</u>	<u>28,919</u>
Financing Activities		
Contractholder deposits	21,586	2,389
Contractholder withdrawals	(37,267)	(32,759)
	<u>(15,681)</u>	<u>(30,370)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,846)	(1,451)
Cash, short-term deposits and overdrafts, beginning of year	5,726	7,177
Cash, short-term deposits and overdrafts, end of year	\$ 2,880	\$ 5,726
Supplementary cash flow information		
Interest income received	\$ 2,072	\$ 2,241
Dividend income received	4,661	6,786

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Government of Canada 0.50% 09-01-2025	360,000	348	351
Government of Canada 0.75% 10-01-2024	785,000	787	778
Government of Canada 1.25% 03-01-2027	1,036,000	1,034	1,034
Government of Canada 1.25% 06-01-2030	337,000	326	335
Government of Canada 1.50% 06-01-2023	1,781,000	1,799	1,797
Government of Canada 1.50% 06-01-2031	1,621,000	1,602	1,633
Government of Canada 2.00% 12-01-2051	1,523,000	1,537	1,639
Government of Canada 5.75% 06-01-2033	66,000	92	95
Total Federal Government		7,525	7,662
Provincial Governments			
Province of Alberta 2.05% 06-01-2030	1,736,000	1,780	1,744
Province of Alberta 2.35% 06-01-2025	288,000	306	297
Province of Alberta 2.90% 12-01-2028	920,000	964	983
Province of Alberta 2.95% 06-01-2052	152,000	155	165
Province of Alberta 3.10% 06-01-2050	1,525,000	1,705	1,694
Province of Alberta 3.90% 12-01-2033	95,000	103	111
Province of British Columbia 2.75% 06-18-2052	423,000	431	455
Province of British Columbia 2.80% 06-18-2048	56,000	54	60
Province of British Columbia 2.95% 06-18-2050	538,000	603	597
Province of Manitoba 4.40% 09-05-2025	135,000	153	149
Province of Ontario 1.05% 09-08-2027	1,203,000	1,199	1,162
Province of Ontario 1.35% 12-02-2030	773,000	755	733
Province of Ontario 1.85% 02-01-2027	693,000	731	701
Province of Ontario 1.90% 12-02-2051	2,831,000	2,494	2,505
Province of Ontario 2.25% 12-02-2031	1,887,000	1,879	1,915
Province of Ontario 2.40% 06-02-2026	73,000	78	76
Province of Ontario 2.60% 06-02-2025	748,000	775	777
Province of Ontario 2.60% 09-08-2023	450,000	471	461
Province of Ontario 3.45% 06-02-2045	2,407,000	2,763	2,826
Province of Ontario 3.50% 06-02-2024	1,570,000	1,687	1,652
Province of Ontario 3.50% 06-02-2043	1,760,000	2,117	2,063
Province of Ontario 4.70% 06-02-2037	233,000	296	303
Province of Quebec 1.50% 09-01-2031	747,000	701	714
Province of Quebec 2.85% 12-01-2053	118,000	125	130
Province of Quebec 3.10% 12-01-2051	1,868,000	2,169	2,141

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Quebec 3.50% 12-01-2045	1,546,000	1,793	1,843
Province of Quebec 3.50% 12-01-2048	263,000	287	318
Province of Quebec 5.00% 12-01-2041	1,080,000	1,517	1,521
Province of Saskatchewan 5.80% 09-05-2033	90,000	123	123
Total Provincial Governments		28,214	28,219
Municipal Governments			
City of Montreal 2.30% 09-01-2029	546,000	553	557
City of Montreal 3.00% 09-01-2027	550,000	592	585
City of Toronto 1.60% 12-02-2030	187,000	183	181
City of Toronto 3.25% 06-24-2046	606,000	678	671
City of Toronto 3.90% 09-29-2023	164,000	174	172
Total Municipal Governments		2,180	2,166
Corporate - Non-convertible			
AltaGas Ltd. 2.157% 06-10-2025	444,000	448	445
AltaLink LP 3.717% 12-03-2046	150,000	152	170
ARC Resources Ltd. 2.354% 03-10-2026	517,000	518	517
Bank of Montreal 1.551% 05-28-2026	662,000	662	650
Bank of Montreal 1.758% 03-10-2026	475,000	475	472
Bank of Montreal 2.85% 03-06-2024	1,232,000	1,244	1,265
Bell Canada Inc. 1.65% 08-16-2027	97,000	97	94
Bell Canada Inc. 2.20% 05-29-2028	204,000	204	202
Bell Canada Inc. 2.50% 05-14-2030	405,000	408	400
Calgary Airport Authority 3.199% 10-07-2036	135,000	135	139
Calgary Airport Authority 3.754% 10-07-2061	251,000	251	268
Canadian Imperial Bank of Commerce 1.70% 07-15-2026	333,000	333	328
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	88,000	89	88
Canadian Imperial Bank of Commerce 3.29% 01-15-2024	859,000	880	889
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	216,000	216	212
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	431,000	431	431
Canadian National Railway Co. 3.60% 07-31-2048	42,000	51	45
Canadian Natural Resources Ltd. 1.45% 11-16-2023	175,000	175	174
Canadian Pacific Railway Ltd. 1.589% 11-24-2023	244,000	244	244
Cenovus Energy Inc. 3.50% 02-07-2028	93,000	93	97

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
CU Inc. 2.609% 09-28-2050	62,000	62	57
CU Inc. 3.174% 09-05-2051	280,000	280	288
CU Inc. 4.947% 11-15-2050	55,000	71	75
Enbridge Gas Distribution Inc. 4.95% 11-22-2050	151,000	180	205
Enbridge Gas Distribution Inc. 7.60% 10-29-2026	222,000	295	278
Enbridge Gas Inc. 3.65% 04-01-2050	337,000	347	373
Enbridge Inc. 3.10% 09-21-2033	462,000	461	456
Enbridge Inc. 6.625% 04-12-2078	181,000	209	205
Enbridge Inc. 6.90% 11-15-2032	91,000	134	125
Enbridge Pipelines Inc. 4.20% 05-12-2051	149,000	149	158
Enbridge Pipelines Inc. 6.05% 02-12-2029	111,000	140	133
Enbridge Pipelines Inc. 6.35% 11-17-2023	374,000	440	405
EPCOR Utilities Inc. 2.899% 05-19-2050	24,000	24	23
Equitable Bank 1.983% 05-09-2024	394,000	394	394
Federation des Caisses Desjardins du Quebec 1.992% 05-28-2031	756,000	756	746
Ford Auto Securitization Trust 1.162% 10-15-2025	636,000	636	634
Fortis Inc. 2.18% 05-15-2028	180,000	180	180
FortisAlberta Inc. 2.632% 06-08-2051	245,000	245	227
FortisAlberta Inc. 3.734% 09-18-2048	227,000	237	257
FortisBC Energy Inc. 2.54% 07-13-2050	142,000	142	131
FortisBC Energy Inc. 3.69% 10-30-2047	64,000	64	72
FortisBC Energy Inc. 5.90% 02-26-2035	68,000	84	91
FortisBC Energy Inc. 6.00% 10-02-2037	136,000	178	189
Greater Toronto Airports Authority 3.15% 10-05-2051	199,000	199	206
HSBC Bank Canada 1.782% 05-20-2026	576,000	576	571
Hydro One Inc. 2.71% 02-28-2050	1,000	1	1
Hydro One Inc. 3.10% 09-15-2051	211,000	211	215
Inter Pipeline Ltd. 3.983% 11-25-2031	601,000	601	618
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	153,000	199	172
John Deere Financial Inc. 1.09% 07-17-2024	197,000	197	195
Lower Mattagami Energy LP 2.433% 05-14-2031	86,000	86	87
Manulife Bank of Canada 1.337% 02-26-2026	478,000	478	468
Manulife Financial Corp. 3.375% 06-19-2081	302,000	302	293
Morgan Stanley Floating Rate 03-21-2025	499,000	499	500
North West Redwater Partnership/NWR Financing Co. Ltd. 1.20% 12-01-2023	339,000	339	337
NOVA Gas Transmission Ltd. 6.59% 12-01-2027	158,000	192	189
Nova Scotia Power Inc. 6.95% 08-25-2033	239,000	345	334

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
OMERS Finance Trust 1.55% 04-21-2027	411,000	411	407
Ontario Teachers' Finance Trust 1.10% 10-19-2027	503,000	502	484
Pembina Pipeline Corp. 2.99% 01-22-2024	794,000	801	812
Penske Truck Leasing Canada Inc. 2.85% 12-07-2022	175,000	180	177
PSP Capital Inc. 0.90% 06-15-2026	862,000	861	839
PSP Capital Inc. 1.50% 03-15-2028	117,000	117	116
Royal Bank of Canada 1.589% 05-04-2026	793,000	793	781
Royal Bank of Canada 1.833% 07-31-2028	301,000	301	294
Royal Bank of Canada 1.936% 05-01-2025	548,000	548	550
Royal Bank of Canada 2.352% 07-02-2024	267,000	267	272
Royal Bank of Canada 2.609% 11-01-2024	1,272,000	1,291	1,302
Royal Bank of Canada 3.65% 11-24-2081	445,000	445	431
Royal Bank of Canada 4.00% 02-24-2081	707,000	710	727
Royal Bank of Canada 4.50% 11-24-2080	844,000	858	885
Stantec Inc. 2.048% 10-08-2027	514,000	509	504
Sun Life Financial Inc. 2.46% 11-18-2031	265,000	265	268
Sun Life Financial Inc. 2.80% 11-21-2033	255,000	255	261
Sun Life Financial Inc. 3.60% 06-30-2081	218,000	218	214
Suncor Energy Inc. 5.00% 04-09-2030	107,000	126	124
The Bank of Nova Scotia 1.85% 11-02-2026	766,000	766	758
The Bank of Nova Scotia 2.38% 05-01-2023	1,082,000	1,107	1,097
The Bank of Nova Scotia 3.70% 07-27-2081	647,000	647	633
The Bank of Nova Scotia Floating Rate 08-04-2026	936,000	936	936
The Consumers Gas Co. Ltd. 9.85% 12-02-2024	31,000	47	38
The Toronto-Dominion Bank 1.128% 12-09-2025	1,291,000	1,290	1,255
The Toronto-Dominion Bank 1.888% 03-08-2028	1,006,000	1,005	990
The Toronto-Dominion Bank 3.105% 04-22-2030	1,110,000	1,161	1,146
The Toronto-Dominion Bank 3.224% 07-25-2029	567,000	591	585
The Toronto-Dominion Bank 3.589% 09-14-2028	484,000	501	500
The Toronto-Dominion Bank 3.60% 10-31-2081	558,000	558	542
TransCanada PipeLines Ltd. 3.80% 04-05-2027	184,000	192	197
TransCanada PipeLines Ltd. 7.31% 01-15-2027	76,000	95	92
TransCanada PipeLines Ltd. 7.90% 04-15-2027	115,000	156	143
TransCanada PipeLines Ltd. 8.20% 08-15-2031	231,000	330	315
TransCanada PipeLines Ltd. 8.21% 04-25-2030	154,000	216	207
TransCanada PipeLines Ltd. 8.23% 01-16-2031	49,000	70	66
TransCanada PipeLines Ltd. 8.29% 02-05-2026	716,000	972	872

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	126,000	126	130
Union Gas Ltd. 3.59% 11-22-2047	136,000	136	149
Union Gas Ltd. 4.85% 04-25-2022	92,000	97	93
Union Gas Ltd. 8.65% 11-10-2025	149,000	217	185
Ventas Canada Finance Ltd. 3.30% 12-01-2031	141,000	141	144
Westcoast Energy Inc. 7.15% 03-20-2031	136,000	178	179
Westcoast Energy Inc. 7.30% 12-18-2026	585,000	744	718
Westcoast Energy Inc. 8.85% 07-21-2025	54,000	74	66
WSP Global Inc. 2.408% 04-19-2028	375,000	375	374
Total Corporate - Non-convertible		39,225	38,876
Total Canadian Bonds		77,144	76,923
United States Bonds			
Corporate - Non-convertible			
Bank of America Corp. 1.978% 09-15-2027	374,000	374	369
Goldman Sachs Group Inc. Floating Rate 04-29-2025	229,000	229	230
JPMorgan Chase & Co. 1.896% 03-05-2028	340,000	340	334
The Goldman Sachs Group Inc. 2.599% 11-30-2027	881,000	881	892
Verizon Communications Inc. 2.375% 03-22-2028	605,000	604	606
Verizon Communications Inc. 2.50% 05-16-2030	675,000	678	671
Total Corporate - Non-convertible		3,106	3,102
Total United States Bonds		3,106	3,102
Global Bonds			
Australia			
Macquarie Group Ltd. 2.723% 08-21-2029	146,000	146	145
France			
BNP Paribas SA 2.538% 07-13-2029	442,000	442	439
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	852,000	853	856
Heathrow Funding Ltd. 3.726% 04-13-2033	83,000	86	86

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds (continued)			
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	808,000	808	803
Total Global Bonds		2,335	2,329
Total Bonds		82,585	82,354
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	58,980	1,287	1,684
Rogers Communications Inc. Class B non-voting	88,370	4,701	5,323
TELUS Corp.	74,794	1,421	2,228
Consumer Discretionary			
BRP Inc.	6,130	633	679
Canadian Tire Corp. Ltd. Class A non-voting	15,019	1,791	2,725
Magna International Inc.	32,130	1,767	3,289
Restaurant Brands International Inc.	52,050	3,873	3,992
Consumer Staples			
Alimentation Couche-Tard Inc.	94,300	3,790	4,998
George Weston Ltd.	11,510	1,106	1,688
Loblaw Companies Ltd.	8,050	459	834
Metro Inc.	52,490	2,213	3,534
Saputo Inc.	91,080	3,411	2,596
Energy			
Hydro One Ltd.	36,770	901	1,210
Suncor Energy Inc.	102,790	3,599	3,253
TC Energy Corp.	77,430	4,304	4,555
Financials			
Bank of Montreal	20,190	1,951	2,750
Brookfield Asset Management Inc.	84,410	2,910	6,448
Manulife Financial Corp.	138,420	3,343	3,337
Onex Corp. sub. voting	20,050	1,459	1,991
Royal Bank of Canada	51,310	4,210	6,889
Sun Life Financial Inc.	67,260	3,330	4,736

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Financials (continued)			
The Bank of Nova Scotia	11,820	753	1,058
The Toronto-Dominion Bank	116,040	6,296	11,255
Industrials			
CAE Inc.	65,910	1,670	2,103
Canadian National Railway Co.	37,490	4,078	5,825
Canadian Pacific Railway Ltd.	36,720	2,564	3,341
Finning International Inc.	47,780	1,126	1,523
Ritchie Bros. Auctioneers Inc.	20,560	1,686	1,592
Information Technology			
Open Text Corp.	54,100	2,336	3,248
Materials			
CCL Industries Inc. Class B non-voting	43,330	1,919	2,939
Franco-Nevada Corp. [CAD]	5,930	683	1,037
Nutrien Ltd. [CAD]	36,005	2,072	3,423
Utilities			
Fortis Inc.	50,770	2,796	3,098
Total Canadian Common Stock		80,438	109,181
United States Common Stock			
Communication Services			
Comcast Corp. Class A	30,150	1,428	1,920
Omnicom Group Inc.	41,685	3,978	3,864
The Interpublic Group of Companies Inc.	32,410	1,509	1,535
Verizon Communications Inc.	48,690	3,201	3,200
Consumer Discretionary			
AutoZone Inc.	343	432	910
eBay Inc.	38,430	2,525	3,233
Gentex Corp.	38,360	1,717	1,691
Harley-Davidson Inc.	62,500	3,320	2,980
Polaris Inc.	18,070	2,941	2,512

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Staples			
Campbell Soup Co.	59,370	3,522	3,264
Kellogg Co.	43,080	3,575	3,511
Kimberly-Clark Corp.	21,355	3,480	3,861
Financials			
American Express Co.	9,610	1,299	1,989
Ameriprise Financial Inc.	8,620	1,539	3,289
SEI Investments Co.	25,715	1,776	1,982
Health Care			
AmerisourceBergen Corp.	15,945	1,803	2,680
Amgen Inc.	13,300	3,655	3,785
Biogen Inc.	8,130	2,933	2,467
Merck & Co. Inc.	38,910	3,848	3,772
Industrials			
Cummins Inc.	5,335	1,106	1,472
Flowserve Corp.	55,820	2,458	2,161
Ingersoll-Rand Inc.	17,821	769	1,395
MillerKnoll Inc.	46,750	2,517	2,318
Parker Hannifin Corp.	2,050	512	825
Wabtec Corp.	32,795	2,777	3,821
Information Technology			
NetApp Inc.	4,070	396	474
NortonLifeLock Inc.	98,680	2,855	3,243
Materials			
PPG Industries Inc.	3,350	441	731
Total United States Common Stock		62,312	68,885

Balanced Fund 6.12B

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Global Common Stock			
Guernsey			
Amdocs Ltd.	38,140	3,139	3,611
Total Global Common Stock		3,139	3,611
Total Stocks		145,889	181,677
Transaction Costs (see notes to financial statements (note 2))		(44)	
Total Investments		228,430	264,031

Balanced Fund 6.12B

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced Fund 6.12B (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 72,496	\$ 15	\$ 72,511	\$ 725
Total	\$ 72,496	\$ 15	\$ 72,511	\$ 725
As Percent of Net Assets Attributable to Contractholders			27.1%	0.3%

*Includes both monetary and non-monetary instruments

Balanced Fund 6.12B

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 68,668	\$ 20	\$ 68,688	\$ 687
Total	\$ 68,668	\$ 20	\$ 68,688	\$ 687
As Percent of Net Assets Attributable to Contractholders			26.8%	0.3%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 270	\$ 26,679	\$ 27,273	\$ 28,132	\$ 82,354

2020

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 1,038	\$ 25,030	\$ 32,641	\$ 20,607	\$ 79,316

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$6,765 (\$6,387 at December 31, 2020) or approximately 2.5% (2.5% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 8)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

Balanced Fund 6.12B

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	1.9	0.6	3.1	1.0
AA	21.2	6.5	24.1	7.5
A	49.5	15.2	48.6	15.1
BBB	27.1	8.3	23.3	7.2
BB and lower	0.3	0.1	0.9	0.3
Total	100.0	30.7	100.0	31.1

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,817 (\$1,702 at December 31, 2020) or approximately 0.7% (0.7% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Balanced Fund 6.12B
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 82,354	\$ —	\$ 82,354
Stocks	181,677	—	—	181,677
Total assets measured at fair value	\$ 181,677	\$ 82,354	\$ —	\$ 264,031

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 79,316	\$ —	\$ 79,316
Stocks	170,237	—	—	170,237
Total assets measured at fair value	\$ 170,237	\$ 79,316	\$ —	\$ 249,553

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Balanced Fund 6.12B

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	58,248	60,207	72,031	83,494	93,241	42,676	39,963	45,735	47,611	55,174
Individual Back-End Load (IB)	28,866	31,698	37,260	46,517	52,618	22,217	22,103	24,853	27,866	32,732
Managed Money (IC)	15,240	16,504	17,071	18,271	19,443	11,748	11,380	11,118	10,551	11,500
75/75 guarantee policy	1,850,877	1,923,795	2,179,178	2,034,799	1,863,919	43,032	40,522	43,908	36,820	35,025
75/100 guarantee policy	2,600,610	3,066,879	3,449,853	3,244,785	2,819,935	59,589	63,806	68,810	58,253	52,658
100/100 guarantee policy	58,488	69,664	72,502	87,944	101,996	1,313	1,422	1,421	1,554	1,877
PS1 75/75 guarantee policy	1,214,941	1,079,295	1,173,257	998,741	956,609	25,184	20,198	20,928	15,943	15,791
PS1 75/100 guarantee policy	1,041,579	946,204	1,091,462	1,105,707	950,018	21,248	17,455	19,224	17,457	15,537
PS1 100/100 guarantee policy	89,918	94,028	97,481	85,216	75,082	1,796	1,702	1,688	1,326	1,213
PS2 75/75 guarantee policy	633,918	714,721	805,047	743,824	755,011	16,430	16,338	17,137	13,844	14,195
PS2 75/100 guarantee policy	429,912	501,356	538,936	536,595	519,876	11,142	11,460	11,472	9,987	9,774
PS2 100/100 guarantee policy	—	—	—	461	2,971	—	—	—	8	56
PS 75/75 guarantee policy	157,834	140,021	160,638	68,028	—	2,004	1,592	1,728	650	—
PS 75/100 guarantee policy	544,726	534,925	528,758	63,616	—	6,861	6,050	5,670	607	—
PPS 75/75 guarantee policy	163,156	150,898	155,513	209	—	2,096	1,731	1,682	2	—
PPS 75/100 guarantee policy	21,064	21,291	23,180	—	—	269	243	250	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	732.65	663.76	634.94	570.23	591.74	68.89	28.82
Individual Back-End Load (IB)	769.67	697.30	667.02	599.04	622.07	72.37	30.28
Managed Money (IC)	770.90	689.55	651.24	577.46	591.45	81.35	38.31
75/75 guarantee policy	23.25	21.06	20.15	18.10	18.79	2.19	0.91
75/100 guarantee policy	22.91	20.81	19.95	17.95	18.67	2.10	0.86
100/100 guarantee policy	22.44	20.41	19.60	17.67	18.41	2.03	0.81
PS1 75/75 guarantee policy	20.73	18.71	17.84	15.96	16.51	2.02	0.87
PS1 75/100 guarantee policy	20.40	18.45	17.61	15.79	16.35	1.95	0.84
PS1 100/100 guarantee policy	19.97	18.10	17.32	15.56	16.15	1.87	0.78
PS2 75/75 guarantee policy	25.92	22.86	21.29	18.61	18.80	3.06	1.57
PS2 75/100 guarantee policy	25.92	22.86	21.29	18.61	18.80	3.06	1.57
PS2 100/100 guarantee policy	—	—	—	18.61	18.80	—	—
PS 75/75 guarantee policy	12.69	11.37	10.76	9.56	—	1.32	0.61
PS 75/100 guarantee policy	12.60	11.31	10.72	9.55	—	1.29	0.59
PPS 75/75 guarantee policy	12.85	11.47	10.81	9.57	—	1.38	0.66
PPS 75/100 guarantee policy	12.78	11.43	10.79	—	—	1.35	0.64

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Balanced Fund 6.12B

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Balanced Fund 6.12B

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.68	2.69	2.69	2.77	3.08
Individual Back-End Load (IB)	2.69	2.69	2.69	2.76	2.86
Managed Money (IC)	1.41	1.41	1.41	1.42	1.52
75/75 guarantee policy	2.68	2.69	2.69	2.76	2.85
75/100 guarantee policy	2.91	2.91	2.91	2.92	2.90
100/100 guarantee policy	3.06	3.06	3.07	3.08	3.06
PS1 75/75 guarantee policy	2.33	2.33	2.33	2.34	2.33
PS1 75/100 guarantee policy	2.50	2.50	2.50	2.51	2.49
PS1 100/100 guarantee policy	2.72	2.72	2.72	2.73	2.71
PS 75/75 guarantee policy	1.57	1.58	1.58	1.57	—
PS 75/100 guarantee policy	1.80	1.80	1.80	1.80	—
PPS 75/75 guarantee policy	1.22	1.22	1.22	1.22	—
PPS 75/100 guarantee policy	1.39	1.39	1.39	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	75.32	90.99	65.66	84.60	104.06

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

DIVIDEND FUND 9.10M

December 31, 2021

Independent Auditor's Report

To the Contractholders of Dividend Fund 9.10M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Dividend Fund 9.10M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 254	\$ 32
Investment income due and accrued	134	91
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	45	117
Due from outside parties	9	10
Investments		
Bonds	—	—
Stocks	51,734	48,533
Investment fund units	—	—
Derivatives (note 7)	—	4
Total investments	51,734	48,537
Total assets	\$ 52,176	\$ 48,787
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	21	37
Due to brokers	92	66
Due to outside parties	—	—
Derivatives (note 7)	—	3
Total liabilities excluding net assets attributable to contractholders	113	106
Net assets attributable to contractholders	\$ 52,063	\$ 48,681

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 12,811	\$ (1,626)
Miscellaneous income (loss)	22	3
Total income	12,833	(1,623)
Expenses		
Management fees (note 8)	1,138	1,097
Transaction costs	30	36
Withholding taxes	29	27
Other	109	106
Total expenses	1,306	1,266
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 11,527	\$ (2,889)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 48,681	\$ 59,380
Contractholder deposits	1,433	600
Contractholder withdrawals	(9,578)	(8,410)
Increase (decrease) in net assets from operations attributable to contractholders	11,527	(2,889)
Change in net assets attributable to contractholders	3,382	(10,699)
Net assets attributable to contractholders - end of year	\$ 52,063	\$ 48,681

Dividend Fund 9.10M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 11,527	\$ (2,889)
Adjustments		
Realized (gains) losses	(5,614)	(763)
Unrealized (gains) losses	(5,506)	4,285
Gross proceeds of disposition of investments	25,572	25,699
Gross payments for the purchase of investments	(17,652)	(18,450)
Change in investment income due and accrued	(43)	24
Change in due from/to The Canada Life Assurance Company	(16)	19
Change in due from/to brokers	98	(46)
Change in due from/to outside parties	1	(1)
	<u>8,367</u>	<u>7,878</u>
Financing Activities		
Contractholder deposits	1,433	600
Contractholder withdrawals	(9,578)	(8,410)
	<u>(8,145)</u>	<u>(7,810)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	222	68
Cash, short-term deposits and overdrafts, beginning of year	32	(36)
Cash, short-term deposits and overdrafts, end of year	\$ 254	\$ 32
Supplementary cash flow information		
Dividend income received	\$ 1,648	\$ 1,918

Dividend Fund 9.10M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
Cogeco Communications Inc. sub. voting	6,575	670	662
Rogers Communications Inc. Class B non-voting	17,879	1,063	1,077
TELUS Corp.	54,822	1,312	1,633
TELUS International Inc.	7,379	264	308
Consumer Discretionary			
Dollarama Inc.	5,643	289	357
Magna International Inc.	3,928	387	402
Restaurant Brands International Inc.	11,559	986	887
Consumer Staples			
Alimentation Couche-Tard Inc.	10,750	441	570
Loblaw Companies Ltd.	3,737	234	387
Energy			
ARC Resources Ltd.	40,145	325	462
Canadian Natural Resources Ltd.	10,297	387	550
Enbridge Inc. [CAD]	25,131	1,168	1,242
Pembina Pipeline Corp.	14,789	656	567
Suncor Energy Inc.	44,190	1,623	1,399
TC Energy Corp.	29,870	1,718	1,756
Financials			
Bank of Montreal	9,053	729	1,233
Brookfield Asset Management Inc.	12,475	590	953
Intact Financial Corp.	9,119	1,226	1,499
Manulife Financial Corp.	77,880	1,737	1,878
Royal Bank of Canada	29,539	2,528	3,965
Sun Life Financial Inc.	31,549	1,866	2,221
The Bank of Nova Scotia	27,855	1,743	2,494
The Toronto-Dominion Bank	30,541	1,529	2,962
TMX Group Ltd.	3,039	392	390
Industrials			
CAE Inc.	13,687	417	437
Canadian National Railway Co.	6,269	737	974
Canadian Pacific Railway Ltd.	15,414	1,215	1,402

Dividend Fund 9.10M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Cargojet Inc.	1,415	265	236
Finning International Inc.	7,186	174	229
Information Technology			
CGI Group Inc. Class A sub. voting	1,868	201	209
Open Text Corp.	13,567	645	815
Materials			
Agnico Eagle Mines Ltd.	7,176	560	482
Barrick Gold Corp.	9,439	273	227
CCL Industries Inc. Class B non-voting	7,124	400	483
Nutrien Ltd. [CAD]	11,584	708	1,101
Teck Resources Ltd. Class B	9,768	261	356
Real Estate			
Allied Properties REIT	4,034	154	177
Choice Properties REIT	18,293	239	278
First Capital REIT	15,136	271	285
Utilities			
Algonquin Power & Utilities Corp.	23,800	441	435
Boralex Inc. Class A	5,674	211	197
Canadian Utilities Ltd. Class A non-voting	10,711	349	393
Emera Inc.	11,207	553	709
Fortis Inc.	13,731	604	838
Northland Power Inc.	6,550	249	249
Total Canadian Common Stock		32,790	40,366
United States Common Stock			
Communication Services			
Meta Platforms Inc.	370	149	157
The Walt Disney Co.	414	55	81
Consumer Discretionary			
Domino's Pizza Inc.	90	61	64
McDonald's Corp.	334	34	113

Dividend Fund 9.10M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Discretionary (continued)			
Nike Inc. Class B	282	20	59
Starbucks Corp.	663	47	98
Consumer Staples			
Altria Group Inc.	2,949	171	177
PepsiCo Inc.	559	103	123
Philip Morris International Inc.	2,247	227	270
The Coca-Cola Co.	2,879	190	216
Energy			
Chevron Corp.	1,575	214	234
Marathon Petroleum Corp.	2,775	171	225
Financials			
CME Group Inc.	651	81	188
JPMorgan Chase & Co.	1,736	209	348
Moody's Corp.	135	19	67
S&P Global Inc.	332	142	198
The Blackstone Group Inc.	1,464	99	240
US Bancorp	3,009	211	214
Health Care			
AbbVie Inc.	1,357	180	232
Becton, Dickinson and Co.	644	88	205
Johnson & Johnson Inc.	1,033	124	224
Industrials			
Emerson Electric Co.	1,163	80	137
Equifax Inc.	451	57	167
Honeywell International Inc.	751	83	198
Union Pacific Corp.	520	141	166
Information Technology			
Analog Devices Inc.	377	84	84
Apple Inc.	1,185	29	266
Broadcom Inc.	260	49	219
Lam Research Corp.	117	97	106

Dividend Fund 9.10M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
Microsoft Corp.	1,264	82	538
Motorola Solutions Inc.	577	127	198
Texas Instruments Inc.	593	79	141
Visa Inc. Class A	611	55	168
Materials			
Corteva Inc.	2,801	113	168
The Sherwin-Williams Co.	274	36	122
Real Estate			
Crown Castle International Corp.	588	126	155
Total United States Common Stock		3,833	6,566
Global Common Stock			
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A	110	7	9
Brookfield Infrastructure Partners LP Partnership Units	3,475	251	268
Cayman Islands			
Tencent Holdings Ltd.	1,463	75	108
Denmark			
Novo Nordisk AS	1,062	54	150
France			
Air Liquide SA	683	91	151
LVMH Moet Hennessy Louis Vuitton SE	95	53	99
Pernod Ricard SA *	226	27	69
Safran SA	849	85	132
Germany			
Deutsche Boerse AG	1,033	104	219
SAP SE	1,070	113	193
Vonovia SE	2,756	185	192

*The issuer of this security is a related company to the issuer of the Fund.

Dividend Fund 9.10M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Hong Kong			
AIA Group Ltd.	7,423	74	95
Hong Kong Exchanges and Clearing Ltd.	1,714	71	127
Ireland			
Aon Corp.	507	151	193
Linde PLC [USD]	376	79	165
Medtronic Co. PLC	970	140	127
Japan			
Japan Exchange Group Inc.	4,040	82	112
Keyence Corp.	138	45	110
Otsuka Corp.	1,597	71	96
Sony Group Corp.	1,503	98	240
Luxembourg			
Eurofins Scientific SE	513	24	80
Netherlands			
Heineken Holdings NV	938	100	109
Koninklijke Philips NV	1,864	84	88
Wolters Kluwer NV	1,049	104	156
Singapore			
DBS Group Holdings Ltd.	3,980	119	122
Spain			
Amadeus IT Group SA	1,775	156	151
Sweden			
Atlas Copco AB Class A	792	26	69
Switzerland			
Nestle SA	1,551	134	274
Roche Holding AG Genusscheine	486	141	255
Sika AG	179	31	94

Dividend Fund 9.10M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd.	6,109	70	172
United Kingdom			
Diageo PLC	2,221	83	153
Glencore Xstrata PLC	34,887	178	224
Total Global Common Stock		3,106	4,802
Total Stocks		39,729	51,734
Transaction Costs (see notes to financial statements (note 2))		(29)	
Total Investments		39,700	51,734

Dividend Fund 9.10M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Dividend Fund 9.10M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Dividend Fund 9.10M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 7,051	\$ 9	\$ 7,060	\$ 71
Euro	1,639	—	1,639	16
Swiss Franc	623	—	623	6
Japanese Yen	558	—	558	6
Other Currencies	1,220	—	1,220	12
Total	\$ 11,091	\$ 9	\$ 11,100	\$ 111
As Percent of Net Assets Attributable to Contractholders			21.3%	0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,413	\$ 6	\$ 6,419	\$ 64
Euro	2,037	1	2,038	20
Swiss Franc	627	—	627	6
Japanese Yen	571	—	571	7
Other Currencies	1,408	—	1,408	14
Total	\$ 11,056	\$ 7	\$ 11,063	\$ 111
As Percent of Net Assets Attributable to Contractholders			22.7%	0.2%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$517 (\$485 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Dividend Fund 9.10M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Stocks	\$ 49,407	\$ 2,327	\$ —	\$ 51,734	
Derivatives	—	—	—	—	
Total assets measured at fair value	\$ 49,407	\$ 2,327	\$ —	\$ 51,734	

		2020			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Stocks	\$ 44,064	\$ 4,469	\$ —	\$ 48,533	
Derivatives	—	4	—	4	
Total assets measured at fair value	\$ 44,064	\$ 4,473	\$ —	\$ 48,537	
<u>Liabilities measured at fair value</u>					
Derivatives	\$ —	\$ 3	\$ —	\$ 3	
Net assets attributable to contractholders measured at fair value	\$ 44,064	\$ 4,470	\$ —	\$ 48,534	

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Dividend Fund 9.10M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	17,391	20,187	24,436	29,269	34,297	10,112	9,409	11,915	11,998	15,441
Individual Back-End Load (IB)	29,759	34,556	40,699	49,489	56,662	17,964	16,721	20,602	21,059	26,500
Managed Money (IC)	3,919	4,689	5,511	6,207	6,836	3,058	2,894	3,512	3,282	3,918
75/75 guarantee policy	207,752	241,285	280,495	283,648	250,588	4,874	4,538	5,518	4,691	4,555
75/100 guarantee policy	126,688	153,139	178,476	180,593	186,347	2,921	2,835	3,462	2,950	3,351
100/100 guarantee policy	17,372	24,582	27,304	26,718	28,814	382	435	509	420	501
PS1 75/75 guarantee policy	286,109	318,703	372,678	330,435	299,847	6,185	5,501	6,702	4,975	4,940
PS1 75/100 guarantee policy	105,646	154,020	163,128	186,701	217,480	2,236	2,608	2,885	2,770	3,539
PS1 100/100 guarantee policy	9,290	9,141	10,093	10,427	10,002	191	150	174	151	160
PS2 75/75 guarantee policy	89,333	97,646	111,084	140,758	170,968	2,411	2,056	2,381	2,469	3,207
PS2 75/100 guarantee policy	37,290	46,121	54,274	79,342	105,860	1,006	971	1,163	1,392	1,985
PS2 100/100 guarantee policy	—	—	—	—	175	—	—	—	—	3
PS 75/75 guarantee policy	2,314	2,507	1,723	—	—	31	27	19	—	—
PS 75/100 guarantee policy	7,813	12,066	14,848	—	—	104	128	163	—	—
PPS 75/75 guarantee policy	40,379	35,154	33,855	—	—	549	378	375	—	—
PPS 75/100 guarantee policy	2,897	2,791	—	—	—	39	30	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	581.48	466.12	487.61	409.91	450.20	115.36	(21.49)
Individual Back-End Load (IB)	603.65	483.89	506.20	425.54	467.69	119.76	(22.31)
Managed Money (IC)	780.23	617.27	637.28	528.74	573.16	162.96	(20.01)
75/75 guarantee policy	23.46	18.81	19.67	16.54	18.18	4.65	(0.86)
75/100 guarantee policy	23.06	18.51	19.40	16.33	17.98	4.55	(0.89)
100/100 guarantee policy	21.98	17.71	18.63	15.74	17.39	4.27	(0.92)
PS1 75/75 guarantee policy	21.62	17.26	17.98	15.06	16.48	4.36	(0.72)
PS1 75/100 guarantee policy	21.16	16.93	17.68	14.84	16.27	4.23	(0.75)
PS1 100/100 guarantee policy	20.51	16.46	17.24	14.52	15.98	4.05	(0.78)
PS2 75/75 guarantee policy	26.98	21.05	21.44	17.54	18.76	5.93	(0.39)
PS2 75/100 guarantee policy	26.98	21.05	21.44	17.54	18.75	5.93	(0.39)
PS2 100/100 guarantee policy	—	—	—	—	18.75	—	—
PS 75/75 guarantee policy	13.42	10.64	11.01	—	—	2.78	(0.37)
PS 75/100 guarantee policy	13.34	10.59	10.98	—	—	2.75	(0.39)
PPS 75/75 guarantee policy	13.60	10.74	11.07	—	—	2.86	(0.33)
PPS 75/100 guarantee policy	13.50	10.69	—	—	—	2.81	(0.35)

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Dividend Fund 9.10M

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Dividend Fund 9.10M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.70	2.71	2.71	2.75	2.99
Individual Back-End Load (IB)	2.70	2.71	2.71	2.75	2.77
Managed Money (IC)	1.39	1.39	1.39	1.40	1.51
75/75 guarantee policy	2.70	2.71	2.71	2.74	2.76
75/100 guarantee policy	2.87	2.87	2.88	2.90	2.90
100/100 guarantee policy	3.23	3.24	3.24	3.27	3.28
PS1 75/75 guarantee policy	2.30	2.30	2.31	2.31	2.30
PS1 75/100 guarantee policy	2.52	2.52	2.53	2.54	2.53
PS1 100/100 guarantee policy	2.84	2.85	2.86	2.87	2.85
PS 75/75 guarantee policy	1.61	1.61	1.61	—	—
PS 75/100 guarantee policy	1.78	1.78	1.78	—	—
PPS 75/75 guarantee policy	1.20	1.21	1.21	—	—
PPS 75/100 guarantee policy	1.42	1.41	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	34.41	36.93	40.41	26.76	33.16

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND 9.11M**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 9.11M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 9.11M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 372	\$ 437
Investment income due and accrued	48	45
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	45	—
Due from outside parties	3	3
Investments		
Bonds	7,005	6,217
Stocks	13,109	10,922
Investment fund units	—	—
Derivatives (note 7)	2	125
Total investments	<u>20,116</u>	<u>17,264</u>
Total assets	<u>\$ 20,584</u>	<u>\$ 17,749</u>
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	14	12
Due to brokers	10	2
Due to outside parties	—	—
Derivatives (note 7)	25	7
Total liabilities excluding net assets attributable to contractholders	<u>49</u>	<u>21</u>
Net assets attributable to contractholders	<u>\$ 20,535</u>	<u>\$ 17,728</u>

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,148	\$ 1,775
Miscellaneous income (loss)	(5)	3
Total income	<u>3,143</u>	<u>1,778</u>
Expenses		
Management fees (note 8)	392	315
Transaction costs	20	9
Withholding taxes	13	13
Other	41	33
Total expenses	<u>466</u>	<u>370</u>
Net increase (decrease) in net assets from operations attributable to contractholders	<u>\$ 2,677</u>	<u>\$ 1,408</u>

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 17,728	\$ 17,613
Contractholder deposits	2,868	753
Contractholder withdrawals	(2,738)	(2,046)
Increase (decrease) in net assets from operations attributable to contractholders	<u>2,677</u>	<u>1,408</u>
Change in net assets attributable to contractholders	<u>2,807</u>	<u>115</u>
Net assets attributable to contractholders - end of year	<u>\$ 20,535</u>	<u>\$ 17,728</u>

Balanced Fund 9.11M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 10)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,677	\$ 1,408
Adjustments		
Add back amortization of premium (discount)	(11)	(5)
Realized (gains) losses	(2,189)	(284)
Unrealized (gains) losses	(442)	(1,145)
Gross proceeds of disposition of investments	19,929	15,951
Gross payments for the purchase of investments	(20,121)	(14,336)
Change in investment income due and accrued	(3)	6
Change in due from/to The Canada Life Assurance Company	2	(4)
Change in due from/to brokers	(37)	1
Change in due from/to outside parties	—	(1)
	<u>(195)</u>	<u>1,591</u>
Financing Activities		
Contractholder deposits	2,868	753
Contractholder withdrawals	(2,738)	(2,046)
	<u>130</u>	<u>(1,293)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(65)	298
Cash, short-term deposits and overdrafts, beginning of year	437	139
Cash, short-term deposits and overdrafts, end of year	\$ 372	\$ 437
Supplementary cash flow information		
Interest income received	\$ 188	\$ 213
Dividend income received	292	254

Balanced Fund 9.11M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.10% 03-15-2031	10,000	10	9
Government of Canada 0.50% 12-01-2050 Real Return	24,000	29	32
Government of Canada 0.75% 10-01-2024	15,000	15	15
Government of Canada 1.00% 09-01-2026	36,000	36	36
Government of Canada 1.25% 12-01-2047 Real Return	20,000	24	32
Government of Canada 1.50% 06-01-2031	23,000	23	23
Government of Canada 1.75% 12-01-2053	10,000	10	10
Government of Canada 2.00% 12-01-2051	245,000	257	264
Total Federal Government		404	421
Provincial Governments			
Ontario Power Generation Inc. 2.977% 09-13-2029	16,000	17	17
Ontario Power Generation Inc. 3.215% 04-08-2030	10,000	10	11
Ontario Power Generation Inc. 3.315% 10-04-2027	30,000	31	32
Province of Alberta 1.65% 06-01-2031	10,000	10	10
Province of Alberta 2.95% 06-01-2052	245,000	252	266
Province of Alberta 3.05% 12-01-2048	20,000	21	22
Province of Alberta 3.10% 06-01-2050	39,000	40	43
Province of British Columbia 1.55% 06-18-2031	200,000	190	193
Province of British Columbia 2.75% 06-18-2052	20,000	20	22
Province of British Columbia 2.80% 06-18-2048	20,000	20	21
Province of British Columbia 2.85% 06-18-2025	10,000	11	10
Province of British Columbia 2.95% 06-18-2050	65,000	75	72
Province of Manitoba 2.05% 09-05-2052	25,000	20	23
Province of Manitoba 3.20% 03-05-2050	55,000	59	62
Province of Ontario 1.90% 12-02-2051	220,000	183	195
Province of Ontario 2.55% 12-02-2052	125,000	120	128
Province of Ontario 2.65% 12-02-2050	23,000	24	24
Province of Quebec 1.50% 09-01-2031	130,000	122	124
Province of Quebec 3.10% 12-01-2051	146,000	170	167
Province of Quebec 3.50% 12-01-2048	5,000	6	6
Province of Saskatchewan 2.80% 12-02-2052	42,000	42	45
Province of Saskatchewan 3.10% 06-02-2050	10,000	11	11
Province of Saskatchewan 3.30% 06-02-2048	10,000	10	11
Total Provincial Governments		1,464	1,515

Balanced Fund 9.11M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Municipal Governments			
City of Toronto 2.60% 09-24-2039	10,000	10	10
Total Municipal Governments		10	10
Corporate - Non-convertible			
407 International Inc. 2.59% 05-25-2032	2,000	2	2
407 International Inc. 3.43% 06-01-2033	13,000	13	14
407 International Inc. 3.60% 05-21-2047	20,000	20	22
AIMCo Realty Investors LP 2.195% 11-04-2026	6,000	6	6
AIMCo Realty Investors LP 2.712% 06-01-2029	10,000	10	10
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	20,000	20	22
Algonquin Power Co. 2.85% 07-15-2031	8,000	8	8
Allied Properties REIT 1.726% 02-12-2026	2,000	2	2
AltaGas Ltd. 2.166% 03-16-2027	5,000	5	5
AltaLink LP 3.717% 12-03-2046	8,000	8	9
ARC Resources Ltd. 2.354% 03-10-2026	7,000	7	7
ARC Resources Ltd. 3.465% 03-10-2031	7,000	7	7
Bank of Montreal 1.551% 05-28-2026	10,000	10	10
Bank of Montreal 1.758% 03-10-2026	12,000	12	12
Bank of Montreal 1.928% 07-22-2031	10,000	10	10
Bank of Montreal 2.37% 02-03-2025	3,000	3	3
Bank of Montreal 4.30% 11-26-2025	6,000	6	6
BCI QuadReal Realty 1.056% 03-12-2024	4,000	4	4
BCI QuadReal Realty 1.073% 02-04-2026	5,000	5	5
BCI QuadReal Realty 1.747% 07-24-2030	5,000	5	5
BCIMC Realty Corp. 3.00% 03-31-2027	20,000	20	21
Bell Canada Inc. 1.65% 08-16-2027	1,000	1	1
Bell Canada Inc. 2.20% 05-29-2028	7,000	7	7
Bell Canada Inc. 2.90% 09-10-2029	12,000	12	12
Bell Canada Inc. 3.50% 09-30-2050	1,000	1	1
Bell Canada Inc. 4.45% 02-27-2047	20,000	20	22
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	10,000	10	10
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	20,000	19	21
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	20,000	20	22
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	4,000	5	4
Brookfield Renewable Partners ULC 3.33% 08-13-2050	10,000	10	10
Brookfield Renewable Partners ULC 3.38% 01-15-2030	34,000	35	36

Balanced Fund 9.11M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Brookfield Renewable Partners ULC 4.25% 01-15-2029	20,000	20	22
Brookfield Renewable Partners ULC 4.29% 11-05-2049	10,000	10	12
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	3,000	3	3
Bruce Power LP 2.68% 12-21-2028	8,000	8	8
Bruce Power LP 3.00% 06-21-2024	12,000	12	12
Calgary Airport Authority 3.199% 10-07-2036	3,000	3	3
Canada Housing Trust No. 1 Floating Rate 03-15-2026	60,000	60	60
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	25,000	25	25
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	40,000	40	40
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	7,000	7	7
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	16,000	16	16
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	11,000	11	11
Canadian National Railway Co. 3.00% 02-08-2029	10,000	10	10
Canadian National Railway Co. 3.60% 07-31-2048	13,000	13	14
Canadian Natural Resources Ltd. 2.50% 01-17-2028	10,000	10	10
Canadian Natural Resources Ltd. 3.55% 06-03-2024	30,000	30	31
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	15,000	15	15
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	10,000	10	11
Canadian Western Bank 1.57% 09-14-2023	5,000	5	5
Canadian Western Bank 1.818% 12-16-2027	10,000	10	10
Canadian Western Bank 1.926% 04-16-2026	8,000	8	8
Canadian Western Bank 2.606% 01-30-2025	4,000	4	4
Canadian Western Bank 5.00% 07-31-2081	3,000	3	3
Canadian Western Bank Floating Rate 01-22-2024	12,000	12	12
Capital Power Corp. 4.284% 09-18-2024	16,000	16	17
Capital Power Corp. 4.424% 02-08-2030	5,000	5	6
Capital Power Corp. 4.986% 01-23-2026	17,000	17	19
CCL Industries Inc. 3.864% 04-13-2028	10,000	10	11
CDP Financial Inc. 1.50% 10-19-2026	16,000	16	16
Cenovus Energy Inc. 3.50% 02-07-2028	10,000	10	10
CGI Inc. 2.10% 09-18-2028	4,000	4	4
Chartwell Retirement Residences REIT 3.786% 12-11-2023	20,000	20	21
Chartwell Retirement Residences REIT 4.211% 04-28-2025	5,000	5	5
Choice Properties REIT 2.456% 11-30-2026	3,000	3	3
Choice Properties REIT 2.848% 05-21-2027	7,000	7	7
Choice Properties REIT 2.981% 03-04-2030	5,000	5	5

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Schedule of Investment Portfolio

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Choice Properties REIT 3.532% 06-11-2029	10,000	10	11
Choice Properties REIT 4.178% 03-08-2028	10,000	10	11
Cogeco Communications Inc. 2.991% 09-22-2031	11,000	11	11
Cordelio Amalco GP I 4.087% 06-30-2034 Series B	8,571	9	9
Cordelio Amalco GP I 4.087% 09-30-2034 Series A	8,412	8	9
Corus Entertainment Inc. 5.00% 05-11-2028	2,000	2	2
CPPIB Capital Inc. 1.95% 09-30-2029	20,000	20	20
Crombie REIT 3.133% 08-12-2031	5,000	5	5
Crombie REIT 3.211% 10-09-2030	2,000	2	2
Crombie REIT 3.917% 06-21-2027	6,000	6	6
CU Inc. 4.085% 09-02-2044	10,000	11	12
Curaleaf Holdings Inc. 8.00% 12-15-2026	10,000	13	13
Dream Industrial REIT 1.662% 12-22-2025	9,000	9	9
Dream Industrial REIT 2.057% 06-17-2027	5,000	5	5
Dream Industrial REIT 2.539% 12-07-2026	4,000	4	4
Empire Communities Corp. 7.375% 12-15-2025	10,000	10	10
Enbridge Gas Distribution Inc. 2.50% 08-05-2026	10,000	10	10
Enbridge Gas Inc. 3.20% 09-15-2051	2,000	2	2
Enbridge Inc. 2.44% 06-02-2025	5,000	5	5
Enbridge Inc. 2.99% 10-03-2029	10,000	10	10
Enbridge Inc. 3.10% 09-21-2033	10,000	10	10
Enbridge Inc. 5.375% 09-27-2077	40,000	39	42
Energir Inc. 2.10% 04-16-2027	10,000	10	10
EPCOR Utilities Inc. 3.106% 07-08-2049	10,000	10	10
EPCOR Utilities Inc. 3.554% 11-27-2047	10,000	10	11
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	13,000	13	14
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029	5,000	5	5
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	30,000	30	32
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	10,000	10	10
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	6,000	6	6
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	5,000	5	5
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	5,000	5	5
Ford Credit Canada Co. 2.961% 09-16-2026	3,000	3	3
Fortified Trust 1.964% 10-23-2026	14,000	14	14
GFL Environmental Inc. 3.50% 09-01-2028	10,000	13	12
Gibson Energy Inc. 3.60% 09-17-2029	10,000	10	11
Gibson Energy Inc. 5.25% 12-22-2030	15,000	15	15

Balanced Fund 9.11M

Schedule of Investment Portfolio

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	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Granite REIT Holdings LP 2.194% 08-30-2028	7,000	7	7
Greater Toronto Airports Authority 2.73% 04-03-2029	5,000	5	5
H&R REIT 2.633% 02-19-2027	7,000	7	7
H&R REIT 3.369% 01-30-2024	10,000	10	10
H&R REIT 3.416% 01-23-2023	10,000	10	10
H&R REIT 4.071% 06-16-2025	10,000	10	11
Honda Canada Finance Inc. 1.337% 03-17-2026	10,000	10	10
Honda Canada Finance Inc. 1.646% 02-25-2028	10,000	10	10
Honda Canada Finance Inc. Floating Rate 02-26-2024	7,000	7	7
Hydro One Inc. 1.41% 10-15-2027	5,000	5	5
Hydro One Inc. 1.69% 01-16-2031	5,000	5	5
Hydro One Inc. 2.23% 09-17-2031	14,000	14	14
Hyundai Capital Canada Inc. 2.008% 05-12-2026	5,000	5	5
Intact Financial Corp. 2.179% 05-18-2028	5,000	5	5
Intact Financial Corp. 4.125% 03-31-2081	4,000	4	4
Inter Pipeline Ltd. 2.734% 04-18-2024	20,000	19	20
Inter Pipeline Ltd. 3.173% 03-24-2025	12,000	12	12
Inter Pipeline Ltd. 3.484% 12-16-2026	19,000	20	20
Inter Pipeline Ltd. 6.625% 11-19-2079	10,000	10	11
Inter Pipeline Ltd. 6.875% 03-26-2079	5,000	5	5
Keyera Corp. 3.959% 05-29-2030	12,000	13	13
Keyera Corp. 5.95% 03-10-2081	6,000	6	6
Keyera Corp. 6.875% 06-13-2029	5,000	5	6
Kruger Products LP 6.00% 04-24-2025	10,000	10	10
Laurentian Bank of Canada 1.15% 06-03-2024	6,000	6	6
Laurentian Bank of Canada 1.603% 05-06-2026	2,000	2	2
Liberty Utilities (Canada) LP 3.315% 02-14-2050	5,000	5	5
Loblaw Companies Ltd. 2.284% 05-07-2030	10,000	10	10
Lower Mattagami Energy LP 2.433% 05-14-2031	6,000	6	6
Lower Mattagami Energy LP 3.42% 06-20-2024	10,000	11	10
Manulife Bank of Canada 1.504% 06-25-2025	20,000	20	20
Manulife Bank of Canada 1.536% 09-14-2026	10,000	10	10
Manulife Bank of Canada 2.378% 11-19-2024	5,000	5	5
Manulife Financial Corp. 3.317% 05-09-2028	10,000	10	10
Manulife Financial Corp. 4.10% 03-19-2082	7,000	7	7
MEG Energy Corp. 5.875% 02-01-2029	5,000	6	7
Morgan Stanley Floating Rate 03-21-2025	20,000	20	20

Balanced Fund 9.11M

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	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
National Bank of Canada 1.534% 06-15-2026	6,000	6	6
National Bank of Canada 2.237% 11-04-2026	8,000	8	8
National Bank of Canada 2.58% 02-03-2025	26,000	26	27
National Bank of Canada 2.983% 03-04-2024	30,000	31	31
National Bank of Canada 4.05% 08-15-2081	7,000	7	7
NAV CANADA 2.063% 05-29-2030	10,000	10	10
North Battleford Power LP 4.958% 12-31-2032	7,412	7	8
North West Redwater Partnership 2.80% 06-01-2027	29,000	28	30
North West Redwater Partnership 3.70% 02-23-2043	10,000	10	10
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	14,000	14	14
Nouvelle Autoroute 30 Financement Inc. 4.114% 03-31-2042	9,990	10	11
Nova Scotia Power Inc. 3.571% 04-05-2049	5,000	5	5
NuVista Energy Ltd. 7.875% 07-23-2026	10,000	10	10
OMERS Finance Trust 2.60% 05-14-2029	10,000	10	10
OMERS Realty Corp. 3.244% 10-04-2027	23,000	23	24
OMERS Realty Corp. 3.628% 06-05-2030	18,000	18	20
Ontario Power Generation Inc. 2.893% 04-08-2025	20,000	20	21
Ontario Teachers' Finance Trust 1.10% 10-19-2027	5,000	5	5
Parkland Corp. of Canada 3.875% 06-16-2026	17,000	17	17
Parkland Corp. of Canada 4.50% 10-01-2029	30,000	38	38
Parkland Corp. of Canada 6.00% 06-23-2028	10,000	10	11
Pembina Pipeline Corp. 3.53% 12-10-2031	5,000	5	5
Pembina Pipeline Corp. 3.62% 04-03-2029	10,000	10	11
Pembina Pipeline Corp. 4.02% 03-27-2028	30,000	32	32
Pembina Pipeline Corp. 4.54% 04-03-2049	10,000	10	11
Pembina Pipeline Corp. 4.74% 01-21-2047	2,000	2	2
Pembina Pipeline Corp. 4.75% 03-26-2048	9,000	10	10
Pembina Pipeline Corp. 4.81% 03-25-2044	10,000	11	11
Prime Structured Mortgage Trust 1.856% 11-15-2024	8,000	8	8
PSP Capital Inc. 0.90% 06-15-2026	13,000	13	13
PSP Capital Inc. 2.05% 01-15-2030	17,000	17	17
Reliance LP 2.67% 08-01-2028	16,000	16	16
Reliance LP 2.68% 12-01-2027	10,000	10	10
RioCan REIT 2.829% 11-08-2028	3,000	3	3
Rogers Communication Inc. 5.00% 12-17-2081	15,000	15	15
Rogers Communications Inc. 3.25% 05-01-2029	5,000	5	5
Royal Bank of Canada 1.67% 01-28-2033	21,000	21	20

Balanced Fund 9.11M

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 1.833% 07-31-2028	15,000	15	15
Royal Bank of Canada 2.088% 06-30-2030	10,000	10	10
Royal Bank of Canada 2.14% 11-03-2031	12,000	12	12
Royal Bank of Canada 2.328% 01-28-2027	3,000	3	3
Royal Bank of Canada 2.88% 12-23-2029	10,000	10	10
Royal Bank of Canada 3.65% 11-24-2081	11,000	11	11
Royal Bank of Canada 4.00% 02-24-2081	16,000	16	16
Russel Metals Inc. 6.00% 03-16-2026	10,000	10	10
Sagen MI Canada Inc. 3.261% 03-05-2031	5,000	5	5
Sagen MI Canada Inc. 4.95% 03-24-2081	4,000	4	4
Saputo Inc. 1.415% 06-19-2026	10,000	10	10
Saputo Inc. 2.242% 06-16-2027	4,000	4	4
Saputo Inc. 2.297% 06-22-2028	3,000	3	3
Saputo Inc. 2.876% 11-19-2024	5,000	5	5
Sea To Sky Highway Investment LP 2.629% 08-31-2030	6,971	7	7
Shaw Communications Inc. 2.90% 12-09-2030	4,000	4	4
Shaw Communications Inc. 3.80% 03-01-2027	20,000	21	21
Shaw Communications Inc. 4.40% 11-02-2028	15,000	15	16
Sienna Senior Living Inc. 2.82% 03-31-2027	2,000	2	2
Sienna Senior Living Inc. 3.109% 11-04-2024	5,000	5	5
Sienna Senior Living Inc. 3.45% 02-27-2026	10,000	10	10
SmartCentres REIT 3.526% 12-20-2029	15,000	15	16
SmartCentres REIT 3.834% 12-21-2027	3,000	3	3
South Coast British Columbia Transportation Authority 1.60% 07-03-2030	10,000	10	10
Spy Hill Power LP 4.14% 03-31-2036	8,075	8	9
Summit Industrial Income REIT 1.82% 04-01-2026	5,000	5	5
Summit Industrial Income REIT 2.25% 01-12-2027	3,000	3	3
Summit Industrial Income REIT 2.44% 07-14-2028	3,000	3	3
Sun Life Financial Inc. 2.06% 10-01-2035	10,000	10	10
Sun Life Financial Inc. 2.38% 08-13-2029	10,000	10	10
Sun Life Financial Inc. 2.58% 05-10-2032	10,000	10	10
Sun Life Financial Inc. 2.80% 11-21-2033	13,000	13	13
Sun Life Financial Inc. 3.60% 06-30-2081	8,000	8	8
Suncor Energy Inc. 3.10% 05-24-2029	20,000	20	21
Suncor Energy Inc. 3.95% 03-04-2051	6,000	6	6
Superior Plus LP 4.25% 05-18-2028	10,000	10	10
TELUS Corp. 2.05% 10-07-2030	10,000	10	9

Balanced Fund 9.11M

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(in Canadian \$ thousands, except number of units, shares or par value)

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TELUS Corp. 2.35% 01-27-2028	5,000	5	5
TELUS Corp. 2.85% 11-13-2031	10,000	10	10
TELUS Corp. 3.15% 02-19-2030	5,000	5	5
TELUS Corp. 3.95% 02-16-2050	2,000	2	2
TELUS Corp. 4.85% 04-05-2044	13,000	16	15
The Bank of Nova Scotia 1.40% 11-01-2027	21,000	21	20
The Bank of Nova Scotia 2.16% 02-03-2025	6,000	6	6
The Bank of Nova Scotia 2.49% 09-23-2024	28,000	28	29
The Bank of Nova Scotia 3.70% 07-27-2081	14,000	14	14
The Bank of Nova Scotia Floating Rate 08-04-2026	14,000	14	14
The Empire Life Insurance Co. 3.625% 04-17-2026	3,000	3	3
The Independent Order of Foresters 2.885% 10-15-2035	5,000	5	5
The Toronto-Dominion Bank 1.888% 03-08-2028	30,000	30	30
The Toronto-Dominion Bank 1.896% 09-11-2028	17,000	17	17
The Toronto-Dominion Bank 1.943% 03-13-2025	20,000	20	20
The Toronto-Dominion Bank 3.06% 01-26-2032	10,000	11	10
The Toronto-Dominion Bank 3.105% 04-22-2030	12,000	12	12
The Toronto-Dominion Bank 3.60% 10-31-2081	9,000	9	9
Thomson Reuters Corp. 2.239% 05-14-2025	10,000	10	10
TMX Group Ltd. 2.016% 02-12-2031	3,000	3	3
TMX Group Ltd. 2.997% 12-11-2024	40,000	41	41
Toronto Hydro Corp. 2.47% 10-20-2031	5,000	5	5
Tourmaline Oil Corp. 2.529% 02-12-2029	4,000	4	4
Toyota Credit Canada Inc. 1.18% 02-23-2026	10,000	10	10
TransCanada PipeLines Ltd. 3.00% 09-18-2029	20,000	20	21
TransCanada PipeLines Ltd. 3.80% 04-05-2027	20,000	21	21
TransCanada PipeLines Ltd. 4.18% 07-03-2048	10,000	11	10
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	20,000	19	21
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	13,000	13	13
TransCanada Trust 4.20% 03-04-2081	14,000	14	14
Transcontinental Inc. 2.28% 07-13-2026	2,000	2	2
Ventas Canada Finance Ltd. 2.45% 01-04-2027	6,000	6	6
Ventas Canada Finance Ltd. 2.55% 03-15-2023	20,000	20	20
Ventas Canada Finance Ltd. 2.80% 04-12-2024	10,000	10	10
Ventas Canada Finance Ltd. 3.30% 12-01-2031	6,000	6	6
Videotron Ltd. 4.50% 01-15-2030	10,000	10	10
Videotron Ltd. 5.125% 04-15-2027	20,000	26	26

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	10,000	10	10
Waste Management of Canada Corp. 2.60% 09-23-2026	10,000	10	10
WSP Global Inc. 2.408% 04-19-2028	13,000	13	13
Total Corporate - Non-convertible		2,827	2,882
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	1,000	1	1
Total Corporate - Convertible		1	1
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	3,000	1	1
Creation Technologies Inc. Term Loan B 1st Lien 09-24-2028	6,000	7	8
Scotia Capital Inc. 0.89% 09-01-2026	6,000	6	6
Scotia Capital Inc. 1.25% 03-01-2025	10,000	8	8
The Toronto-Dominion Bank 5.38% 07-01-2028	183,000	70	80
Total Mortgage Backed		92	103
Total Canadian Bonds		4,798	4,932
United States Bonds			
Federal Government			
United States Treasury 0.875% 11-15-2030	59,900	68	72
United States Treasury Inflation Index 0.125% 01-15-2030	20,000	30	30
United States Treasury Inflation Index 0.25% 02-15-2050	32,000	49	53
United States Treasury Inflation Index 0.75% 07-15-2028	40,000	56	64
Total Federal Government		203	219
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	2,000	3	2
American Tower Corp. REIT 1.875% 10-15-2030	10,000	13	12
AT&T Inc. 2.25% 02-01-2032	10,000	13	12
AT&T Inc. Floating Rate 03-25-2024	5,000	6	6
Athene Global Funding 2.10% 09-24-2025	10,000	10	10

Balanced Fund 9.11M

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Athene Global Funding Floating Rate 04-09-2024	15,000	15	15
Bank of America Corp. 1.978% 09-15-2027	5,000	5	5
Bank of America Corp. 2.598% 04-04-2029	10,000	10	10
Bank of America Corp. 3.515% 03-24-2026	10,000	10	10
Bank of America Corp. Floating Rate 09-15-2027	9,000	9	9
Charter Communications Operating LLC 2.80% 04-01-2031	20,000	28	25
Charter Communications Operating LLC 4.50% 02-01-2024	10,000	13	13
Charter Communications Operating LLC 5.05% 03-03-2029	14,000	19	20
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 2.30% 02-01-2032	5,000	7	6
CommScope Finance LLC 8.25% 03-01-2027	3,000	4	4
ConocoPhillips 2.40% 02-15-2031	5,000	6	6
Costco Wholesale Corp. 1.375% 06-20-2027	20,000	28	25
Exxon Mobil Corp. 2.61% 10-15-2030	10,000	14	13
Exxon Mobil Corp. 2.992% 03-19-2025	10,000	15	13
Ford Motor Co. 3.25% 02-12-2032	19,000	24	25
Foxtrot Escrow Issuer LLC/Foxtrot Escrow Corp. 12.25% 11-15-2026	4,000	5	6
Goldman Sachs Group Inc. Floating Rate 04-29-2025	18,000	18	18
Gray Escrow II Inc. 5.375% 11-15-2031	5,000	6	7
HCA Inc. 3.50% 09-01-2030	5,000	7	7
JPMorgan Chase & Co. 1.896% 03-05-2028	15,000	15	15
LABL Escrow Issuer LLC 10.50% 07-15-2027	3,000	4	4
LABL Escrow Issuer LLC 6.75% 07-15-2026	2,000	3	3
Mastercard Inc. 1.90% 03-15-2031	3,000	4	4
MEG Energy Corp. 7.125% 02-01-2027	5,000	7	7
Morgan Stanley 3.00% 02-07-2024	30,000	30	31
Mozart Debt Merger Sub Inc. 3.875% 04-01-2029	11,000	14	14
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029	4,000	5	5
Nestle Holdings Inc. 2.192% 01-26-2029	7,000	7	7
Nexstar Escrow Inc. 5.625% 07-15-2027	3,000	4	4
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	4,000	5	5
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	10,000	14	13
PayPal Holdings Inc. 2.40% 10-01-2024	10,000	13	13
PayPal Holdings Inc. 2.65% 10-01-2026	10,000	13	13
Pearl Merger Sub Inc. 6.75% 10-01-2028	4,000	5	5
QVC Inc. 4.375% 09-01-2028	13,000	17	16
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	5,000	6	7

Balanced Fund 9.11M

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Sinclair Television Group Inc. 5.125% 02-15-2027	10,000	12	12
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026	20,000	25	27
Terraform Power Operating 5.00% 01-31-2028	10,000	12	13
The Clorox Co. 1.80% 05-15-2030	5,000	7	6
The Estee Lauder Companies Inc. 1.95% 03-15-2031	5,000	6	6
The Goldman Sachs Group Inc. 2.013% 02-28-2028	15,000	15	15
The Goldman Sachs Group Inc. 2.599% 11-30-2027	13,000	13	13
The Walt Disney Co. 3.057% 03-30-2027	7,000	7	7
T-Mobile USA Inc. 3.50% 04-15-2025	5,000	6	7
T-Mobile USA Inc. 3.75% 04-15-2027	10,000	12	14
Univision Communications Inc. 4.50% 05-01-2029	5,000	6	6
Ventas Realty LP 4.00% 03-01-2028	10,000	12	14
Verizon Communications Inc. 1.75% 01-20-2031	10,000	13	12
Verizon Communications Inc. 2.375% 03-22-2028	10,000	10	10
Verizon Communications Inc. 2.50% 05-16-2030	30,000	31	30
Verizon Communications Inc. 2.55% 03-21-2031	13,000	16	17
Verizon Communications Inc. Floating Rate 03-20-2026	5,000	6	6
Walgreens Boots Alliance Inc. 3.20% 04-15-2030	20,000	28	27
Wells Fargo & Co. 2.493% 02-18-2027	30,000	30	30
Wells Fargo & Co. 2.568% 05-01-2025	20,000	20	20
Wells Fargo & Co. 2.975% 05-19-2026	41,000	42	42
Wells Fargo & Co. 3.90% 03-15-2026	1,000	1	1
Welltower Inc. 4.125% 03-15-2029	10,000	13	14
Welltower Inc. 4.25% 04-15-2028	10,000	13	14
Total Corporate - Non-convertible		810	808
Mortgage Backed			
ABG Intermediate Holdings 2 LLC Term Loan 1st Lien 09-29-2024	9,549	12	12
ADS Tactical Inc. Term Loan 1st Lien 03-04-2028	9,750	12	12
Adtalem Global Education Inc. Term Loan B 1st Lien 02-12-2028	10,000	13	13
Advantage Sales & Marketing Inc. Term Loan B 1st Lien 10-28-2027	9,925	13	13
Aegis Toxicology Science Corp. Term Loan B 1st Lien 05-09-2025	7,212	9	9
Alcami Carolinas Corp. Term Loan 1st Lien 07-06-2025	9,700	13	11
Alchemy US Holdco 1 LLC Term Loan B 1st Lien 10-01-2025	8,274	10	10
Alpine US Bidco LLC Term Loan 1st Lien 04-13-2021	3,990	5	5

Balanced Fund 9.11M

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Mortgage Backed (continued)			
Amentum Government Services Holdings LLC Term Loan B 1st Lien 01-31-2027	9,950	13	13
AP Core Holdings II LLC Term Loan 1st Lien 07-21-2027	6,000	7	8
APM Global Holdings Pty Ltd. Term Loan 1st Lien 06-30-2026	2,299	3	3
Arc Falcon I Inc. Term Loan 1st Lien 09-22-2028	5,236	7	7
Arc Falcon I Inc. Term Loan Delayed Draw 1st Lien 09-22-2028	764	1	1
Ascend Wellness Holdings Inc. Term Loan 1st Lien 08-27-2025	4,000	5	5
Astra Acquisition Corp. Term Loan B 1st Lien 10-22-2028	6,000	7	7
Ball Metalpack Finco Term Loan B 1st Lien 07-26-2025	9,675	13	12
Castle US Holding Corp. Term Loan B 1st Lien 01-31-2027	4,979	6	6
CCS-CMGC Holdings Inc. Term Loan 1st Lien 09-25-2025	9,725	12	12
Citadel Securities LP Term Loan B 1st Lien 02-27-2028	28,669	37	36
Cowen Inc. Term Loan B 1st Lien 03-12-2028	9,925	12	13
Crown Subsea Communications Holding Inc. Term Loan 1st Lien 04-20-2027	3,205	4	4
DEI Sales Inc. Term Loan B 1st Lien 04-23-2028	5,963	7	8
DIRECTV Financing LLC Term Loan 1st Lien 07-22-2027	9,000	11	11
Domtar Corp. Term Loan B 1st Lien 10-01-2028	2,710	3	3
Domtar Corp. Term Loan B Delayed Draw 1st Lien 10-01-2028	1,290	2	2
Dotdash Meredith Inc. Term Loan B 1st Lien 11-23-2028	7,000	9	9
Flynn America LP Term Loan B 1st Lien 07-23-2028	5,000	6	6
Frontier Communications Corp. Term Loan DIP B 1st Lien 10-08-2027	9,950	12	13
Gannett Holdings LLC Term Loan B 1st Lien 02-08-2026	9,329	12	12
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (EUR shares)	10,000	15	14
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (USD shares)	10,000	13	13
Gateway Merger Sub 2021 Inc. Term Loan 1st Lien 06-25-2028	5,000	6	6
Grab Holdings Inc. Term Loan B 1st Lien 01-29-2026	9,950	12	13
Gray Television Inc. Term Loan D 1st Lien 10-27-2028	19,000	23	24
Hudson River Trading LLC Term Loan B 1st Lien 02-18-2027	9,950	13	13
INEOS US Petrochem LLC Term Loan B 1st Lien 01-21-2026	9,975	13	13
Ingram Micro Inc. Term Loan B 1st Lien 04-01-2028	9,975	12	13
Intermediate Dutch Term Loan B 1st Lien 02-05-2028	9,950	13	13
ION Trading Finance Ltd. Term Loan B 1st Lien 03-26-2028	9,975	13	13
Isagenix International LLC Term Loan B 1st Lien 04-26-2025	5,115	7	5
Jadex Inc. Term Loan 1st Lien 02-12-2028	9,950	13	12
Jane Street Group LLC Term Loan B 1st Lien 01-21-2027	9,925	13	12
Jazz Financing Lux Sarl Term Loan B 1st Lien 04-22-2028	8,978	11	11
Journey Personal Care Corp. Term Loan 1st Lien 02-19-2028	9,975	13	13

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Mortgage Backed (continued)			
Keane Group Holdings LLC Term Loan B 1st Lien 05-18-2025	9,675	12	12
Knight Health Holdings LLC Term Loan B 1st Lien 12-17-2028	5,000	6	6
Kronos Acquisition Holdings Inc. Term Loan B 1st Lien 12-22-2026	9,925	13	12
LTR Intermediate Holdings Inc. Term Loan B 1st Lien 04-23-2028	3,990	5	5
Magenta Buyer LLC Term Loan 1st Lien 05-03-2028	7,980	10	10
Mav Acquisition Corp. Term Loan B 1st Lien 07-21-2028	6,000	7	8
McKissock Investment Holdings LLC Term Loan B 1st Lien 06-17-2028	3,990	5	5
Mozart Borrower LP Term Loan B 1st Lien 09-30-2028	8,000	10	10
Murphy USA Inc. Term Loan B 1st Lien 01-29-2028	9,950	13	13
New Frontera Holdings LLC Term Loan 1st Lien 07-28-2026	947	1	1
New Frontera Holdings LLC Term Loan 2nd Lien 07-28-2028	912	1	1
OneDigital Borrower LLC Term Loan B 1st Lien 10-30-2027	9,952	12	13
Organon & Co. Term Loan B 1st Lien 04-08-2028	9,642	12	12
Osmosis Debt Merger Sub Inc. Term Loan B 1st Lien 06-17-2028	3,556	4	5
Osmosis Debt Merger Sub Inc. Term Loan Delayed Draw 1st Lien 06-17-2028	444	1	1
Plaze Inc. Term Loan B 1st Lien 08-03-2026	9,900	13	12
Pluto Acquisition I Inc. Term Loan B 1st Lien 06-20-2026	4,988	6	6
Project Sky Merger Sub Inc. Term Loan B 1st Lien 08-10-2028	6,000	7	8
RH Term Loan B 1st Lien 10-15-2028	27,000	33	34
Signal Parent Inc. Term Loan B 1st Lien 04-01-2028	9,975	12	12
Sorenson Communications LLC Term Loan B 1st Lien 03-12-2026	9,210	11	12
Spa US HoldCo Inc. Term Loan B 1st Lien 03-12-2028	9,950	12	13
Specialty Pharma III Inc. Term Loan 1st Lien 02-24-2028	10,000	12	13
SS&C Technologies Holdings Inc. Term Loan B5 1st Lien 04-16-2025	9,552	12	12
Stitch Acquisition Corp. Term Loan B 1st Lien 07-27-2028	4,000	5	5
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	9,000	11	11
Sycamore Buyer LLC Term Loan B 1st Lien 09-24-2028	8,000	10	10
Sylvamo Corp. Term Loan B 1st Lien 08-20-2028	3,822	5	5
Terrier Media Buyer Term Loan B 1st Lien 12-17-2026	16,826	22	21
Tory Burch LLC Term Loan B 1st Lien 04-15-2028	5,985	7	8
Triton Water Holdings Inc. Term Loan B 1st Lien 03-31-2028	9,975	12	13
Ultra Clean Holdings Inc. Term Loan 1st Lien 08-27-2025	4,164	5	5
Univision Communications Inc. Term Loan B 1st Lien 05-07-2028	10,000	12	13
Veregy Term Loan 1st Lien 11-03-2027	9,925	13	13
VeriFone Systems Inc. Term Loan 1st Lien 08-10-2025	9,700	13	12
Vertex Aerospace Services Corp. Term Loan B 1st Lien 10-27-2028	3,000	4	4
WildBrain Ltd. Term Loan B 1st Lien 03-18-2028	9,950	12	13

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(in Canadian \$ thousands, except number of units, shares or par value)

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Mortgage Backed (continued)			
WireCo WorldGroup Inc. Term Loan B 1st Lien 10-29-2028	4,000	5	5
Xperi Holding Corp. Term Loan B 1st Lien 06-01-2025	4,856	6	6
Zotec Partners LLC Term Loan B 1st Lien 02-09-2024	2,367	3	3
Total Mortgage Backed		841	847
Total United States Bonds		1,854	1,874
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	20,000	20	22
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	5,000	6	6
Ireland			
ION Trading Finance Ltd. Term Loan B 1st Lien 04-01-2028	9,975	15	14
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	4,000	5	5
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	9,000	9	9
Heathrow Funding Ltd. 3.25% 05-21-2025	40,000	41	41
Heathrow Funding Ltd. 3.726% 04-13-2033	13,000	13	14
Heathrow Funding Ltd. 3.782% 09-04-2032	10,000	10	11
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	10,000	10	11
LSF10 XL Bidco SCA Term Loan B 1st Lien 03-30-2028	10,000	15	14
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien 10-22-2028	6,000	7	8
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	2,000	2	3
Teva Pharmaceuticals NE 2.80% 07-21-2023	15,000	17	19

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
United Kingdom			
INEOS 226 Ltd. Term Loan B 1st Lien 01-21-2026	10,000	15	14
National Grid Electricity Transmission PLC 2.301% 06-22-2029	10,000	10	10
Total Global Bonds		195	201
Total Bonds		6,847	7,005
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	11,600	333	331
Consumer Discretionary			
Gildan Activewear Inc.	2,800	125	150
Sleep Country Canada Holdings Inc.	7,600	288	285
Consumer Staples			
Alimentation Couche-Tard Inc.	298	8	16
Loblaw Companies Ltd.	1,105	83	115
Energy			
Birchcliff Energy Ltd.	24,700	178	160
Canadian Natural Resources Ltd.	2,800	98	150
Crescent Point Energy Corp.	2,300	14	16
Hydro One Ltd.	11,071	320	364
Tourmaline Oil Corp.	7,800	261	319
Financials			
Bank of Montreal	221	20	30
Brookfield Asset Management Inc.	3,244	140	248
Canaccord Genuity Group Inc.	18,400	222	277
Canadian Imperial Bank of Commerce	536	60	79
Element Fleet Management Corp.	5,010	56	65
Fairfax Financial Holdings Ltd. sub. voting	600	343	373
iA Financial Corp. Inc.	1,210	62	88
Manulife Financial Corp.	8,988	205	217
National Bank of Canada	3,400	315	328
Royal Bank of Canada	1,264	108	170

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As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Financials (continued)			
Sun Life Financial Inc.	2,760	144	194
The Bank of Nova Scotia	2,143	148	192
The Toronto-Dominion Bank	3,045	203	295
Industrials			
Richelieu Hardware Ltd.	2,432	72	106
Russel Metals Inc.	9,700	329	326
Transcontinental Inc. Class A sub. voting	5,707	137	116
Westshore Terminals Investment Corp.	4,400	74	118
Information Technology			
Shopify Inc. [CAD]	122	225	212
Materials			
First Quantum Minerals Ltd.	728	8	22
Nutrien Ltd. [CAD]	1,200	88	114
West Fraser Timber Co. Ltd.	2,862	153	345
Real Estate			
Artis REIT	28,700	336	343
Utilities			
ATCO Ltd. Class I non-voting	300	12	13
Canadian Utilities Ltd. Class A non-voting	9,500	334	349
Capital Power Corp.	300	13	12
Total Canadian Common Stock		5,515	6,538
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	53	1	1
BCE Inc. 3.61% Preferred	108	2	2
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	31	1	1

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock (continued)			
Energy			
TC Energy Corp. 4.90% Preferred	312	8	8
Financials			
Brookfield Asset Management Inc. Preferred Conv. Series 46	58	1	1
Utilities			
Emera Inc. 4.25% Preferred	27	1	1
Emera Inc. 4.60% Preferred	70	2	2
TransAlta Corp. 2.709% Preferred	94	1	2
Total Canadian Preferred Stock		17	18
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	70	137	257
Alphabet Inc. Class C	109	284	399
Fox Corp. Class B	300	15	13
Lumen Technologies Inc.	800	12	13
Meta Platforms Inc.	87	20	37
Consumer Discretionary			
Ford Motor Co.	1,968	23	52
Consumer Staples			
Colgate Palmolive Co.	300	30	32
The Hershey Co.	100	22	24
The Procter & Gamble Co.	1,853	304	383
Health Care			
Amgen Inc.	300	75	85
Cardinal Health Inc.	2,900	177	189
Cigna Corp.	1,200	352	349
Johnson & Johnson Inc.	600	110	130
Moderna Inc.	300	104	96
Quest Diagnostics Inc.	100	18	22

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As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Industrials			
Knight-Swift Transportation Holdings Inc.	4,200	241	324
United Rentals Inc.	444	58	187
Information Technology			
Apple Inc.	800	56	180
Applied Materials Inc.	47	2	9
Cisco Systems Inc.	2,100	160	168
Hewlett-Packard Enterprise Co.	6,764	96	135
Intel Corp.	1,335	111	87
Microsoft Corp.	900	152	383
NetApp Inc.	1,650	119	192
Texas Instruments Inc.	750	125	179
Materials			
Nucor Corp.	100	14	14
Total United States Common Stock		2,817	3,939
Global Common Stock			
Australia			
Fortescue Metals Group Ltd.	789	18	14
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	132	3	3
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	50	1	1
Everest Re Group Ltd.	129	38	45
Denmark			
A.P. Moller - Maersk AS Class A	65	221	274
A.P. Moller - Maersk AS Class B	12	43	54
Finland			
Fortum OYJ	8,062	311	311

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
France			
Hermes International	145	331	321
LVMH Moet Hennessy Louis Vuitton SE	80	75	84
Vivendi SE	1,429	23	24
Germany			
Daimler AG	105	13	10
Daimler Truck Holding AG	53	2	2
Infineon Technologies AG	210	13	12
Ireland			
Seagate Technology PLC	1,189	88	170
Italy			
Moncler SPA	134	13	12
Japan			
Advantest Corp.	300	37	36
Fujifilm Holdings Corp.	1,400	142	131
Japan Post Holdings Co. Ltd.	27,600	287	272
Nippon Telegraph & Telephone Corp.	400	14	14
Nippon Yusen KK	1,900	126	183
Tokyo Electron Ltd.	400	246	290
Netherlands			
ASML Holding NV	14	15	14
LyondellBasell Industries NV Class A	769	102	90

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom			
JD Sports Fashion PLC	37,970	134	142
Liberty Global PLC Class A	3,000	89	105
Total Global Common Stock		2,385	2,614
Total Stocks		10,734	13,109

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Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.8060	February 18, 2022	United States Dollar	89	Canadian Dollar	87	2
Derivatives - Assets						2
1.2598	January 14, 2022	Canadian Dollar	240	United States Dollar	241	(1)
1.2597	January 14, 2022	Canadian Dollar	236	United States Dollar	237	(1)
1.4390	January 21, 2022	Canadian Dollar	21	Euro	21	-
1.4268	January 21, 2022	Canadian Dollar	21	Euro	21	-
1.2589	January 21, 2022	Canadian Dollar	73	United States Dollar	74	(1)
1.2548	January 28, 2022	Canadian Dollar	57	United States Dollar	58	(1)
1.2546	January 28, 2022	Canadian Dollar	340	United States Dollar	343	(3)
1.2328	February 11, 2022	Canadian Dollar	94	United States Dollar	95	(2)
1.2317	February 11, 2022	Canadian Dollar	93	United States Dollar	95	(2)
1.4329	February 18, 2022	Canadian Dollar	41	Euro	41	-
1.2569	February 18, 2022	Canadian Dollar	191	United States Dollar	192	(1)
1.2355	February 18, 2022	Canadian Dollar	169	United States Dollar	172	(3)
1.2359	February 18, 2022	Canadian Dollar	438	United States Dollar	446	(8)
1.2576	March 11, 2022	Canadian Dollar	103	United States Dollar	104	(1)
1.2450	March 11, 2022	Canadian Dollar	50	United States Dollar	50	(1)
1.2586	March 18, 2022	Canadian Dollar	16	United States Dollar	16	-
1.2587	March 18, 2022	Canadian Dollar	217	United States Dollar	217	(1)
Derivatives - Liabilities						(23)
Total Forward Currency Contracts						(21)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(1)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 197	CAD 197.13	(2)
Derivatives - Liabilities						(2)
Total Futures Contracts						(2)

Total Derivative Instruments at Fair Value

(23)

Transaction Costs (see notes to financial statements (note 2))

(10)

Total Investments

17,571 20,091

Balanced Fund 9.11M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced Fund 9.11M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Balanced Fund 9.11M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 4,292	\$ (20)	\$ 4,272	\$	43
Japanese Yen	926	—	926		9
Euro	788	—	788		8
Other Currencies	484	—	484		5
Total	\$ 6,490	\$ (20)	\$ 6,470	\$	65
As Percent of Net Assets Attributable to Contractholders			31.5%		0.3%

*Includes both monetary and non-monetary instruments

2020					
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
United States Dollar	\$ 2,423	\$ 4	\$ 2,427	\$	24
Other Currencies	475	—	475		5
Total	\$ 2,898	\$ 4	\$ 2,902	\$	29
As Percent of Net Assets Attributable to Contractholders			16.4%		0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 1,650	\$ 3,195	\$ 2,160	\$ 7,005

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ —	\$ 1,539	\$ 3,187	\$ 1,491	\$ 6,217

Balanced Fund 9.11M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$620 (\$510 at December 31, 2020) or approximately 3.0% (2.9% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	6.8	2.3	9.4	3.3
AA	17.9	6.1	17.5	6.1
A	22.0	7.5	25.7	9.0
BBB	33.3	11.3	33.5	11.8
BB and lower	19.4	6.6	13.5	4.8
NR *	0.6	0.2	0.4	0.1
Total	100.0	34.0	100.0	35.1

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

Balanced Fund 9.11M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$131 (\$109 at December 31, 2020) or approximately 0.6% (0.6% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Bonds	\$	—	\$ 6,999	\$ 6	\$ 7,005
Stocks		11,509	1,600	—	13,109
Derivatives		—	2	—	2
Total assets measured at fair value	\$	11,509	\$ 8,601	\$ 6	\$ 20,116
Liabilities measured at fair value					
Derivatives ⁽¹⁾	\$	2	\$ 23	\$ —	\$ 25
Net assets attributable to contractholders measured at fair value	\$	11,507	\$ 8,578	\$ 6	\$ 20,091

⁽¹⁾ Excludes collateral pledged to counterparties of \$21.

		2020			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>		Level 1	Level 2	Level 3	Total
Bonds	\$	—	\$ 6,217	\$ —	\$ 6,217
Stocks		10,359	563	—	10,922
Derivatives		—	125	—	125
Total assets measured at fair value	\$	10,359	\$ 6,905	\$ —	\$ 17,264
Liabilities measured at fair value					
Derivatives	\$	—	\$ 7	\$ —	\$ 7
Net assets attributable to contractholders measured at fair value	\$	10,359	\$ 6,898	\$ —	\$ 17,257

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Balanced Fund 9.11M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds		Bonds	
Balance, beginning of year	\$	—	\$	—
Total gain (loss) included in net assets from operations attributable to contractholders		—		—
Purchases		5		—
Sales		—		—
Settlements		—		—
Transfers into Level 3		1		—
Transfers out of Level 3		—		—
Balance, end of year	\$	6	\$	—
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$	—	\$	—

Balanced Fund 9.11M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	6,904	6,678	7,968	9,851	12,137	2,991	2,542	2,777	3,126	4,270
Individual Back-End Load (IB)	7,423	5,551	6,784	7,638	9,049	3,334	2,190	2,450	2,511	3,301
Managed Money (IC)	2,909	2,784	2,840	2,902	3,262	1,700	1,411	1,301	1,195	1,470
75/75 guarantee policy	124,412	149,366	153,066	181,152	184,464	2,362	2,492	2,338	2,519	2,845
75/100 guarantee policy	237,715	244,887	240,869	252,443	219,775	4,466	4,050	3,655	3,495	3,381
100/100 guarantee policy	13,133	13,068	20,179	23,186	38,532	242	212	301	316	584
PS1 75/75 guarantee policy	19,332	23,995	12,420	17,012	17,160	340	370	175	217	242
PS1 75/100 guarantee policy	66,919	66,397	61,457	57,492	66,730	1,160	1,009	853	725	932
PS1 100/100 guarantee policy	14,963	14,797	50,303	51,051	49,395	254	221	687	635	681
PS2 75/75 guarantee policy	10,521	9,993	16,139	17,472	9,270	232	188	271	260	149
PS2 75/100 guarantee policy	149,535	153,404	159,793	165,899	111,784	3,293	2,890	2,684	2,469	1,796
PS 75/75 guarantee policy	3,871	3,879	3,904	—	—	48	42	38	—	—
PS 75/100 guarantee policy	9,056	10,235	8,413	3,981	—	113	111	83	35	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	433.32	380.68	348.54	317.28	351.77	52.64	32.14
Individual Back-End Load (IB)	449.06	394.51	361.20	328.81	364.81	54.55	33.31
Managed Money (IC)	584.36	506.90	458.26	411.89	450.72	77.46	48.64
75/75 guarantee policy	18.99	16.68	15.27	13.90	15.43	2.31	1.41
75/100 guarantee policy	18.79	16.54	15.17	13.84	15.38	2.25	1.37
100/100 guarantee policy	18.40	16.22	14.91	13.62	15.16	2.18	1.31
PS1 75/75 guarantee policy	17.61	15.42	14.06	12.76	14.10	2.19	1.36
PS1 75/100 guarantee policy	17.33	15.19	13.89	12.62	13.96	2.14	1.30
PS1 100/100 guarantee policy	16.96	14.91	13.65	12.43	13.79	2.05	1.26
PS2 75/75 guarantee policy	22.03	18.84	16.80	14.89	16.07	3.19	2.04
PS2 75/100 guarantee policy	22.03	18.84	16.80	14.89	16.07	3.19	2.04
PS 75/75 guarantee policy	12.52	10.88	9.85	—	—	1.64	1.03
PS 75/100 guarantee policy	12.42	10.82	9.82	8.86	—	1.60	1.00

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The category of units is accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated to the category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund 9.11M

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMMITMENTS

The Fund enters into certain agreements that provide borrowers with a short-term loan to meet any immediate obligation until longer term financing can be made. If the borrower chooses not to borrow on this agreement then the Fund is compensated with a commitment fee. The loan arrangement and related fees earned on these agreements were not significant during 2021 or 2020.

10. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Balanced Fund 9.11M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.67	2.67	2.68	2.78	3.09
Individual Back-End Load (IB)	2.66	2.67	2.68	2.77	2.86
Managed Money (IC)	1.40	1.40	1.41	1.42	1.52
75/75 guarantee policy	2.67	2.67	2.68	2.76	2.86
75/100 guarantee policy	2.88	2.88	2.89	2.91	2.90
100/100 guarantee policy	3.04	3.05	3.06	3.09	3.07
PS1 75/75 guarantee policy	2.32	2.31	2.33	2.34	2.34
PS1 75/100 guarantee policy	2.48	2.48	2.49	2.51	2.49
PS1 100/100 guarantee policy	2.70	2.72	2.72	2.73	2.73
PS 75/75 guarantee policy	1.56	1.56	1.57	—	—
PS 75/100 guarantee policy	1.78	1.77	1.78	1.78	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	98.59	88.35	105.81	98.65	108.09

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EQUITY GROWTH FUND 9.12M

December 31, 2021

Independent Auditor's Report

To the Contractholders of Equity Growth Fund 9.12M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Equity Growth Fund 9.12M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 600	\$ 561
Investment income due and accrued	12	10
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	82	19
Due from outside parties	2	2
Investments		
Bonds	—	—
Stocks	15,537	12,173
Investment fund units	—	—
Derivatives (note 7)	1	44
Total investments	15,538	12,217
Total assets	\$ 16,234	\$ 12,809
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	17	11
Due to brokers	19	2
Due to outside parties	—	—
Derivatives (note 7)	30	1
Total liabilities excluding net assets attributable to contractholders	66	14
Net assets attributable to contractholders	\$ 16,168	\$ 12,795

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,412	\$ 1,289
Miscellaneous income (loss)	1	—
Total income	3,413	1,289
Expenses		
Management fees (note 8)	295	204
Transaction costs	9	9
Withholding taxes	7	4
Other	28	19
Total expenses	339	236
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,074	\$ 1,053

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 12,795	\$ 9,282
Contractholder deposits	1,677	3,443
Contractholder withdrawals	(1,378)	(983)
Increase (decrease) in net assets from operations attributable to contractholders	3,074	1,053
Change in net assets attributable to contractholders	3,373	3,513
Net assets attributable to contractholders - end of year	\$ 16,168	\$ 12,795

Equity Growth Fund 9.12M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,074	\$ 1,053
Adjustments		
Realized (gains) losses	(1,187)	(748)
Unrealized (gains) losses	(2,016)	(450)
Gross proceeds of disposition of investments	8,784	10,462
Gross payments for the purchase of investments	(8,873)	(12,550)
Change in investment income due and accrued	(2)	(1)
Change in due from/to The Canada Life Assurance Company	6	5
Change in due from/to brokers	(46)	48
	<u>(260)</u>	<u>(2,181)</u>
Financing Activities		
Contractholder deposits	1,677	3,443
Contractholder withdrawals	(1,378)	(983)
	<u>299</u>	<u>2,460</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	39	279
Cash, short-term deposits and overdrafts, beginning of year	561	282
Cash, short-term deposits and overdrafts, end of year	\$ 600	\$ 561
Supplementary cash flow information		
Dividend income received	\$ 178	\$ 133

Equity Growth Fund 9.12M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Communication Services			
TELUS International Inc.	3,983	145	166
Consumer Discretionary			
BRP Inc.	5,480	506	607
Dollarama Inc.	9,903	537	627
Magna International Inc.	3,843	400	393
Spin Master Corp.	5,939	228	285
Consumer Staples			
Premium Brands Holdings Corp.	5,554	540	702
Financials			
Intact Financial Corp.	2,225	326	366
Royal Bank of Canada	6,220	521	836
The Toronto-Dominion Bank	5,462	403	530
Thomson Reuters Corp.	2,046	209	309
TMX Group Ltd.	4,840	613	621
Health Care			
Jamieson Wellness Inc.	4,203	133	169
Industrials			
Boyd Group Services Inc.	555	114	111
CAE Inc.	18,348	634	585
Canadian Pacific Railway Ltd.	5,589	421	508
LifeWorks Inc.	9,075	278	232
Stantec Inc.	9,010	423	641
Materials			
CCL Industries Inc. Class B non-voting	8,808	587	597
Total Canadian Common Stock		7,018	8,285
United States Common Stock			
Financials			
Moody's Corp.	672	284	332

Equity Growth Fund 9.12M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Health Care			
Stryker Corp.	1,999	556	676
Thermo Fisher Scientific Inc.	431	261	364
Industrials			
Danaher Corp.	1,390	333	579
Equifax Inc.	1,434	345	531
Information Technology			
Amphenol Corp. Class A	4,150	332	459
Automatic Data Processing Inc.	1,207	358	376
Keysight Technologies Inc.	2,390	347	624
Microsoft Corp.	1,210	310	515
ON Semiconductor Corp.	3,113	248	267
Total United States Common Stock		3,374	4,723
Global Common Stock			
France			
Schneider Electric SA	2,731	530	678
Ireland			
Accenture PLC Class A	1,453	363	762
Aon Corp.	1,610	386	612
Switzerland			
Alcon Inc. ADR	4,326	372	477
Total Global Common Stock		1,651	2,529
Total Stocks		12,043	15,537

Equity Growth Fund 9.12M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.7938	January 14, 2022	United States Dollar	76	Canadian Dollar	75	1
0.7939	January 14, 2022	United States Dollar	13	Canadian Dollar	13	-
1.2664	January 14, 2022	Canadian Dollar	32	United States Dollar	32	-
1.2669	March 18, 2022	Canadian Dollar	64	United States Dollar	64	-
0.7914	March 18, 2022	United States Dollar	63	Canadian Dollar	63	-
					Derivatives - Assets	1
1.2597	January 14, 2022	Canadian Dollar	104	United States Dollar	104	-
1.2350	January 14, 2022	Canadian Dollar	47	United States Dollar	48	(1)
1.2316	January 28, 2022	Canadian Dollar	20	United States Dollar	21	(1)
1.2358	January 28, 2022	Canadian Dollar	63	United States Dollar	64	(1)
1.2582	March 11, 2022	Canadian Dollar	271	United States Dollar	272	(1)
1.2450	March 18, 2022	Canadian Dollar	205	United States Dollar	207	(3)
1.2449	March 18, 2022	Canadian Dollar	1,807	United States Dollar	1,830	(23)
					Derivatives - Liabilities	(30)
Total Forward Currency Contracts						(29)

Total Derivative Instruments at Fair Value

(29)

Transaction Costs (see notes to financial statements (note 2))

(10)

Total Investments

12,033

15,508

Equity Growth Fund 9.12M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Equity Growth Fund 9.12M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Equity Growth Fund 9.12M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 4,632	\$ —	\$ 4,632	\$ 46
Euro	678	—	678	7
Total	\$ 5,310	\$ —	\$ 5,310	\$ 53
As Percent of Net Assets Attributable to Contractholders			32.8%	0.3%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 3,580	\$ —	\$ 3,580	\$ 36
Euro	433	—	433	4
Total	\$ 4,013	\$ —	\$ 4,013	\$ 40
As Percent of Net Assets Attributable to Contractholders			31.4%	0.3%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$155 (\$122 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Equity Growth Fund 9.12M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Stocks	\$	15,537	\$ —	\$ —	\$ 15,537
Derivatives		—	1	—	1
Total assets measured at fair value	\$	15,537	\$ 1	\$ —	\$ 15,538
Liabilities measured at fair value					
Derivatives	\$	—	\$ 30	\$ —	\$ 30
Net assets attributable to contractholders measured at fair value	\$	15,537	\$ (29)	\$ —	\$ 15,508
		2020			
		Assets and Liabilities Measured at Fair Value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Stocks	\$	11,740	\$ 433	\$ —	\$ 12,173
Derivatives		—	44	—	44
Total assets measured at fair value	\$	11,740	\$ 477	\$ —	\$ 12,217
Liabilities measured at fair value					
Derivatives	\$	—	\$ 1	\$ —	\$ 1
Net assets attributable to contractholders measured at fair value	\$	11,740	\$ 476	\$ —	\$ 12,216

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 1 (Level 2 at December 31, 2020).

Equity Growth Fund 9.12M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	2,774	2,999	2,768	3,437	3,692	1,603	1,417	1,190	1,212	1,444
Individual Back-End Load (IB)	5,286	5,837	6,416	7,705	8,658	3,167	2,861	2,860	2,818	3,515
Managed Money (IC)	2,929	2,888	2,992	3,099	3,107	2,322	1,846	1,714	1,435	1,573
75/75 guarantee policy	72,564	65,386	40,475	40,818	44,222	1,864	1,374	774	640	770
75/100 guarantee policy	77,088	68,524	35,752	43,817	67,954	1,959	1,426	677	682	1,175
100/100 guarantee policy	5,920	7,336	7,499	7,804	10,308	143	147	136	117	172
PS1 75/75 guarantee policy	34,079	25,277	13,486	12,278	13,239	827	500	241	179	214
PS1 75/100 guarantee policy	53,073	59,869	49,966	45,028	36,734	1,261	1,161	879	648	585
PS1 100/100 guarantee policy	6,132	4,672	2,866	3,171	4,903	141	88	49	45	77
PS2 75/75 guarantee policy	33,563	28,088	21,530	21,730	18,247	1,027	683	463	372	337
PS2 75/100 guarantee policy	53,279	47,293	9,835	8,394	7,411	1,630	1,150	212	144	137
PS 75/75 guarantee policy	3,628	3,252	5,293	2,488	—	54	39	57	22	—
PPS 75/75 guarantee policy	10,478	7,672	1,956	1,025	—	158	93	21	9	—
PPS 75/100 guarantee policy	796	800	805	—	—	12	10	9	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	577.64	472.58	429.79	352.61	391.16	105.06	42.79
Individual Back-End Load (IB)	599.11	490.15	445.77	365.72	405.99	108.96	44.38
Managed Money (IC)	792.96	639.23	572.82	463.08	506.32	153.73	66.41
75/75 guarantee policy	25.69	21.02	19.12	15.68	17.41	4.67	1.90
75/100 guarantee policy	25.40	20.81	18.94	15.56	17.29	4.59	1.87
100/100 guarantee policy	24.17	19.88	18.17	14.98	16.72	4.29	1.71
PS1 75/75 guarantee policy	24.27	19.77	17.89	14.61	16.14	4.50	1.88
PS1 75/100 guarantee policy	23.77	19.40	17.60	14.40	15.94	4.37	1.80
PS1 100/100 guarantee policy	23.03	18.85	17.16	14.09	15.65	4.18	1.69
PS2 75/75 guarantee policy	30.60	24.33	21.50	17.13	18.47	6.27	2.83
PS2 75/100 guarantee policy	30.60	24.33	21.50	17.13	18.48	6.27	2.83
PS 75/75 guarantee policy	14.83	12.00	10.80	8.76	—	2.83	1.20
PPS 75/75 guarantee policy	15.08	12.14	10.87	8.78	—	2.94	1.27
PPS 75/100 guarantee policy	14.96	12.08	10.84	—	—	2.88	1.24

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Equity Growth Fund 9.12M

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Equity Growth Fund 9.12M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.86	2.86	2.87	2.88	3.09
Individual Back-End Load (IB)	2.87	2.87	2.87	2.88	2.87
Managed Money (IC)	1.39	1.39	1.39	1.39	1.50
75/75 guarantee policy	2.86	2.86	2.87	2.88	2.87
75/100 guarantee policy	2.97	2.97	2.98	2.99	2.98
100/100 guarantee policy	3.38	3.38	3.38	3.40	3.40
PS1 75/75 guarantee policy	2.40	2.39	2.38	2.39	2.37
PS1 75/100 guarantee policy	2.62	2.61	2.60	2.60	2.60
PS1 100/100 guarantee policy	2.95	2.93	2.93	2.94	2.92
PS 75/75 guarantee policy	1.77	1.77	1.77	1.77	—
PPS 75/75 guarantee policy	1.31	1.29	1.28	1.28	—
PPS 75/100 guarantee policy	1.52	1.51	1.50	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.40	2.41	2.41	2.42	2.40
PS1 75/100 guarantee policy	2.62	2.63	2.63	2.63	2.63
PS1 100/100 guarantee policy	2.95	2.95	2.96	2.97	2.95
PPS 75/75 guarantee policy	1.31	1.31	1.31	1.31	—
PPS 75/100 guarantee policy	1.52	1.53	1.53	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	58.58	107.39	75.13	130.28	77.23

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EQUITY FUND 6.02M

December 31, 2021

Independent Auditor's Report

To the Contractholders of Equity Fund 6.02M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Equity Fund 6.02M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 504	\$ 183
Investment income due and accrued	40	27
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	5	6
Investments		
Bonds	—	—
Stocks	33,095	31,003
Investment fund units	—	—
Total investments	33,095	31,003
Total assets	\$ 33,644	\$ 31,219
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	45	18
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	45	18
Net assets attributable to contractholders	\$ 33,599	\$ 31,201

Statement of Comprehensive Income

	December 31 2021	December 31 2020
For the years ended		
Income		
Net gain (loss) on investments	\$ 6,955	\$ (637)
Miscellaneous income (loss)	35	(50)
Total income	6,990	(687)
Expenses		
Management fees (note 7)	697	710
Transaction costs	14	29
Withholding taxes	24	35
Other	68	69
Total expenses	803	843
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 6,187	\$ (1,530)

Statement of Changes in Net Assets Attributable to Contractholders

	December 31 2021	December 31 2020
For the years ended		
Net assets attributable to contractholders - beginning of year		
Contractholder deposits	\$ 311	\$ 607
Contractholder withdrawals	(4,100)	(5,176)
Increase (decrease) in net assets from operations attributable to contractholders	6,187	(1,530)
Change in net assets attributable to contractholders	2,398	(6,099)
Net assets attributable to contractholders - end of year	\$ 33,599	\$ 31,201

Equity Fund 6.02M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 6,187	\$ (1,530)
Adjustments		
Realized (gains) losses	(2,315)	350
Unrealized (gains) losses	(3,905)	1,131
Gross proceeds of disposition of investments	9,845	18,297
Gross payments for the purchase of investments	(5,717)	(16,795)
Change in investment income due and accrued	(13)	1
Change in due from/to The Canada Life Assurance Company	27	27
Change in due from/to outside parties	1	(1)
	<u>4,110</u>	<u>1,480</u>
Financing Activities		
Contractholder deposits	311	607
Contractholder withdrawals	(4,100)	(5,176)
	<u>(3,789)</u>	<u>(4,569)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	321	(3,089)
Cash, short-term deposits and overdrafts, beginning of year	183	3,272
Cash, short-term deposits and overdrafts, end of year	\$ 504	\$ 183
Supplementary cash flow information		
Dividend income received	\$ 722	\$ 841

Equity Fund 6.02M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	14,722	476	420
TELUS Corp.	35,668	844	1,063
Consumer Discretionary			
Dollarama Inc.	26,726	1,218	1,693
Restaurant Brands International Inc.	11,425	927	876
Consumer Staples			
Alimentation Couche-Tard Inc.	27,392	971	1,452
Metro Inc.	6,980	398	470
Premium Brands Holdings Corp.	6,191	555	783
Energy			
Pembina Pipeline Corp.	15,312	534	588
Suncor Energy Inc.	13,646	307	432
Financials			
Brookfield Asset Management Inc.	21,580	488	1,649
Intact Financial Corp.	7,530	1,061	1,238
Manulife Financial Corp.	24,102	511	581
Onex Corp. sub. voting	6,808	526	676
Royal Bank of Canada	10,163	860	1,364
The Bank of Nova Scotia	11,666	629	1,045
The Toronto-Dominion Bank	11,129	476	1,079
Industrials			
Canadian National Railway Co.	3,974	582	617
Canadian Pacific Railway Ltd.	5,700	540	519
Waste Connections Inc.	5,469	676	943
Information Technology			
CGI Group Inc. Class A sub. voting	6,774	582	758
Constellation Software Inc.	144	188	338
Open Text Corp.	11,200	606	672
Materials			
CCL Industries Inc. Class B non-voting	8,023	427	544

Equity Fund 6.02M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Materials (continued)			
Franco-Nevada Corp. [CAD]	3,925	658	687
Utilities			
Emera Inc.	15,627	782	988
Fortis Inc.	11,526	628	703
Total Canadian Common Stock		16,450	22,178
United States Common Stock			
Communication Services			
Alphabet Inc. Class C	285	509	1,043
Consumer Discretionary			
The TJX Companies Inc.	4,357	324	418
Consumer Staples			
The Procter & Gamble Co.	2,905	453	601
Energy			
The Williams Companies Inc.	17,935	540	591
Exchange Traded Funds			
SPDR Gold Shares	1,300	287	281
Health Care			
Abbott Laboratories	2,320	278	413
Becton, Dickinson and Co.	1,960	646	624
Johnson & Johnson Inc.	4,738	716	1,025
Industrials			
Fortive Corp.	5,587	494	539
Information Technology			
Microsoft Corp.	2,578	633	1,097
Visa Inc. Class A	2,295	596	629

Equity Fund 6.02M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Utilities			
American Electric Power Co. Inc.	7,768	851	874
Total United States Common Stock		6,327	8,135
Global Common Stock			
Cayman Islands			
Alibaba Group Holding Ltd.	17,155	728	331
Germany			
SAP SE	2,000	337	361
Japan			
Seven & i Holdings Co. Ltd. ADR	12,850	294	357
Switzerland			
Roche Holding AG Genusscheine	1,079	507	565
United Kingdom			
Compass Group PLC	26,200	680	740
Reckitt Benckiser Group PLC	3,940	399	428
Total Global Common Stock		2,945	2,782
Total Stocks		25,722	33,095
Transaction Costs (see notes to financial statements (note 2))		(27)	
Total Investments		25,695	33,095

Equity Fund 6.02M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Equity Fund 6.02M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 8,492	\$ 505	\$ 8,997	\$ 90
United Kingdom Pound Sterling	1,168	—	1,168	12
Other Currencies	1,257	—	1,257	12
Total	\$ 10,917	\$ 505	\$ 11,422	\$ 114
As Percent of Net Assets Attributable to Contractholders			34.0%	0.3%

*Includes both monetary and non-monetary instruments

Equity Fund 6.02M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 9,231	\$ 187	\$ 9,418	\$ 94
Swiss Franc	568	—	568	6
Other Currencies	1,029	—	1,029	10
Total	\$ 10,828	\$ 187	\$ 11,015	\$ 110
As Percent of Net Assets Attributable to Contractholders			35.3%	0.4%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$331 (\$310 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 32,169	\$ 926	\$ —	\$ 33,095
Total assets measured at fair value	\$ 32,169	\$ 926	\$ —	\$ 33,095

2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 29,405	\$ 1,598	\$ —	\$ 31,003
Total assets measured at fair value	\$ 29,405	\$ 1,598	\$ —	\$ 31,003

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

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(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	2,798	2,854	2,001	2,203	1,541	2,437	2,009	1,431	1,345	1,001
Individual No-Load (IA)	13,753	15,848	20,043	25,801	31,839	9,831	9,416	12,453	14,077	18,999
Individual Back-End Load (IB)	17,179	19,776	22,153	26,511	32,259	12,912	12,356	14,472	15,210	20,256
Managed Money (IC)	2,778	3,039	3,297	3,409	3,793	1,728	1,549	1,730	1,548	1,857
75/75 guarantee policy	36,964	44,117	52,454	50,520	56,865	863	856	1,065	900	1,109
75/100 guarantee policy	50,148	57,970	68,404	78,230	79,010	1,158	1,114	1,376	1,383	1,530
100/100 guarantee policy	2,092	2,095	4,521	4,959	4,895	46	39	87	85	92
PS1 75/75 guarantee policy	46,276	41,437	54,407	59,823	54,096	950	703	961	923	909
PS1 75/100 guarantee policy	24,312	31,960	34,571	38,097	37,430	489	532	600	579	621
PS1 100/100 guarantee policy	2,759	2,759	—	—	—	54	45	—	—	—
PS2 75/75 guarantee policy	48,010	50,228	65,133	67,092	65,963	1,237	1,045	1,377	1,210	1,265
PS2 75/100 guarantee policy	71,698	72,554	81,000	82,702	82,985	1,847	1,509	1,712	1,491	1,591
PS 75/75 guarantee policy	—	1,663	2,291	—	—	—	17	24	—	—
PS 75/100 guarantee policy	2,094	1,102	1,112	—	—	26	11	12	—	—
PPS 75/75 guarantee policy	1,628	—	—	—	—	21	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	871.12	703.79	715.30	610.56	649.41	167.33	(11.51)
Individual No-Load (IA)	714.84	594.17	621.30	545.61	596.74	120.67	(27.13)
Individual Back-End Load (IB)	751.66	624.77	653.30	573.71	627.91	126.89	(28.53)
Managed Money (IC)	622.10	509.48	524.91	454.18	489.56	112.62	(15.43)
75/75 guarantee policy	23.35	19.41	20.29	17.82	19.51	3.94	(0.88)
75/100 guarantee policy	23.09	19.21	20.11	17.68	19.37	3.88	(0.90)
100/100 guarantee policy	22.04	18.40	19.33	17.05	18.75	3.64	(0.93)
PS1 75/75 guarantee policy	20.53	16.97	17.66	15.43	16.80	3.56	(0.69)
PS1 75/100 guarantee policy	20.10	16.65	17.36	15.20	16.59	3.45	(0.71)
PS1 100/100 guarantee policy	19.47	16.19	—	—	—	3.28	(0.74)
PS2 75/75 guarantee policy	25.76	20.80	21.14	18.04	19.18	4.96	(0.34)
PS2 75/100 guarantee policy	25.76	20.80	21.13	18.03	19.18	4.96	(0.33)
PS 75/75 guarantee policy	—	10.24	10.59	—	—	—	(0.35)
PS 75/100 guarantee policy	12.42	10.22	10.58	—	—	2.20	(0.36)
PPS 75/75 guarantee policy	12.68	—	—	—	—	2.31	—

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

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Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Equity Fund 6.02M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Equity Fund 6.02M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.87	2.88	2.88	2.90	3.10
Individual Back-End Load (IB)	2.87	2.88	2.88	2.90	2.88
Managed Money (IC)	1.39	1.39	1.40	1.40	1.51
75/75 guarantee policy	2.87	2.88	2.88	2.89	2.89
75/100 guarantee policy	2.97	2.98	2.98	2.99	2.98
100/100 guarantee policy	3.33	3.35	3.34	3.36	3.36
PS1 75/75 guarantee policy	2.36	2.36	2.36	2.37	2.36
PS1 75/100 guarantee policy	2.58	2.58	2.59	2.59	2.58
PS1 100/100 guarantee policy	2.90	2.88	—	—	—
PS 75/75 guarantee policy	—	1.78	1.77	—	—
PS 75/100 guarantee policy	1.87	1.87	1.86	—	—
PPS 75/75 guarantee policy	1.25	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	17.88	51.96	21.04	47.98	24.58

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
SMALLER COMPANY FUND 6.03M

December 31, 2021

Independent Auditor's Report

To the Contractholders of Smaller Company Fund 6.03M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Smaller Company Fund 6.03M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 398	\$ 1,406
Investment income due and accrued	22	21
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	44
Due from outside parties	1	1
Investments		
Bonds	—	—
Stocks	32,078	29,425
Investment fund units	—	—
Total investments	32,078	29,425
Total assets	\$ 32,499	\$ 30,897
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	1	7
Due to brokers	62	21
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	63	28
Net assets attributable to contractholders	\$ 32,436	\$ 30,869

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,581	\$ 3,962
Miscellaneous income (loss)	37	(66)
Total income	5,618	3,896
Expenses		
Management fees (note 7)	753	657
Transaction costs	22	19
Withholding taxes	24	28
Other	73	64
Total expenses	872	768
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 4,746	\$ 3,128

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 30,869	\$ 32,549
Contractholder deposits	2,176	1,424
Contractholder withdrawals	(5,355)	(6,232)
Increase (decrease) in net assets from operations attributable to contractholders	4,746	3,128
Change in net assets attributable to contractholders	1,567	(1,680)
Net assets attributable to contractholders - end of year	\$ 32,436	\$ 30,869

Smaller Company Fund 6.03M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 4,746	\$ 3,128
Adjustments		
Realized (gains) losses	(5,455)	(1,795)
Unrealized (gains) losses	264	(1,811)
Gross proceeds of disposition of investments	16,150	14,647
Gross payments for the purchase of investments	(13,612)	(8,847)
Change in investment income due and accrued	(1)	4
Change in due from/to The Canada Life Assurance Company	(6)	10
Change in due from/to brokers	85	(35)
	<u>2,171</u>	<u>5,301</u>
Financing Activities		
Contractholder deposits	2,176	1,424
Contractholder withdrawals	(5,355)	(6,232)
	<u>(3,179)</u>	<u>(4,808)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,008)	493
Cash, short-term deposits and overdrafts, beginning of year	1,406	913
Cash, short-term deposits and overdrafts, end of year	\$ 398	\$ 1,406
Supplementary cash flow information		
Dividend income received	\$ 389	\$ 360

Smaller Company Fund 6.03M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Consumer Discretionary			
Aritzia Inc.	7,583	151	398
Park Lawn Corp.	5,747	137	239
Pollard Banknote Ltd.	4,267	67	170
Sleep Country Canada Holdings Inc.	3,700	81	139
Consumer Staples			
Premium Brands Holdings Corp.	1,189	146	150
Energy			
Enerplus Corp.	9,479	117	126
Mullen Group Ltd.	10,800	120	126
Parex Resources Inc.	3,755	73	81
Parkland Corp. of Canada	1,600	56	56
Pembina Pipeline Corp.	1,629	66	63
Tamarack Valley Energy Ltd.	19,600	52	75
Total Energy Services Inc.	376	6	2
Vermilion Energy Inc.	3,100	33	49
Whitecap Resources Inc.	11,536	71	86
Exchange Traded Funds			
iShares S&P/TSX Capped Energy Index ETF	24,700	166	261
Financials			
Canadian Western Bank	4,713	147	171
ECN Capital Corp.	23,117	4	123
Equitable Group Inc.	3,544	162	244
goeasy Ltd.	1,426	214	256
iA Financial Corp. Inc.	1,900	120	138
National Bank of Canada	901	59	87
Trisura Group Ltd.	4,951	124	236
Industrials			
ATS Automation Tooling Systems Inc.	6,896	178	346
Boyd Group Services Inc.	1,054	210	210
Calian Group Ltd.	2,249	141	138
GDI Integrated Facility Services Inc.	4,839	210	260
Hardwoods Distribution Inc.	5,854	141	262

Smaller Company Fund 6.03M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
IBI Group Inc.	22,800	225	309
K-Bro Linen Inc.	2,900	116	99
Richelieu Hardware Ltd.	1,825	48	80
Savaria Corp.	12,410	182	238
TFI International Inc.	1,700	96	241
WSP Global Inc.	1,256	75	231
Information Technology			
Dye & Durham Ltd.	3,228	112	145
Enghouse Systems Ltd.	2,621	113	127
Lightspeed Commerce Inc.	1,517	62	77
The Descartes Systems Group Inc.	1,691	67	177
Materials			
B2Gold Corp.	4,200	17	21
ERO Copper Corp.	1,500	41	29
HudBay Minerals Inc.	7,000	63	64
Intertape Polymer Group Inc.	7,817	180	206
Lundin Mining Corp.	7,900	73	78
New Gold Inc.	10,900	24	21
Seabridge Gold Inc.	900	21	19
Torex Gold Resources Inc.	1,500	30	20
Wesdome Gold Mines Ltd.	2,700	33	31
Yamana Gold Inc.	5,000	26	27
Real Estate			
Colliers International Group Inc.	1,894	147	358
Dream Industrial REIT	418	7	7
FirstService Corp.	714	65	178
InterRent REIT	12,782	157	221
Killam Apartment REIT	9,707	156	229
StorageVault Canada Inc.	43,659	96	315
Utilities			
Boralex Inc. Class A	3,300	108	114
Total Canadian Common Stock		5,392	8,154

Smaller Company Fund 6.03M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Communication Services			
EverQuote Inc.	13,082	432	259
MediaAlpha Inc.	4,045	174	79
Consumer Discretionary			
Carter's Inc.	10,672	1,222	1,367
Frontdoor Inc.	20,838	1,135	966
Consumer Staples			
e.l.f. Beauty Inc.	13,257	308	557
Grocery Outlet Holding Corp.	33,503	1,107	1,199
Financials			
Kennedy-Wilson Holdings Inc.	42,287	1,126	1,277
Markel Corp.	450	468	702
Signature Bank	295	33	121
Health Care			
Amedisys Inc.	2,290	467	469
Berkeley Lights Inc.	27,649	959	636
HealthEquity Inc.	12,487	978	699
iRhythm Technologies Inc.	9,487	853	1,412
Premier Inc.	28,152	1,260	1,466
Syneos Health Inc.	9,644	579	1,253
Industrials			
A.O. Smith Corp.	1,227	74	133
APi Group Corp.	4,630	93	151
Healthcare Services Group Inc.	23,251	904	523
Parsons Corp.	20,115	952	856
Wabtec Corp.	5,742	608	669
Information Technology			
Alteryx Inc.	9,486	880	726
Cirrus Logic Inc.	7,897	815	919
CommVault Systems Inc.	13,891	891	1,211
Dolby Laboratories Inc.	6,870	572	828
Exlservice Holdings Inc.	5,727	415	1,049

Smaller Company Fund 6.03M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
LivePerson Inc.	11,939	658	539
MAXIMUS Inc.	10,938	852	1,102
Rackspace Technology Inc.	39,625	916	675
Tenable Holdings Inc.	15,392	667	1,072
Verra Mobility Corp.	50,553	894	987
Total United States Common Stock		21,292	23,902
Global Common Stock			
United Kingdom			
Endeavour Mining PLC	807	21	22
Total Global Common Stock		21	22
Total Stocks		26,705	32,078
Transaction Costs (see notes to financial statements (note 2))		(23)	
Total Investments		26,682	32,078

Smaller Company Fund 6.03M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Smaller Company Fund 6.03M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 23,902	\$ 397	\$ 24,299	\$ 243
Total	\$ 23,902	\$ 397	\$ 24,299	\$ 243
As Percent of Net Assets Attributable to Contractholders			74.9%	0.7%

*Includes both monetary and non-monetary instruments

Smaller Company Fund 6.03M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 21,422	\$ 1,406	\$ 22,828	\$ 228
Total	\$ 21,422	\$ 1,406	\$ 22,828	\$ 228
As Percent of Net Assets Attributable to Contractholders			74.0%	0.7%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$321 (\$294 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 32,078	\$ —	\$ —	\$ 32,078
Total assets measured at fair value	\$ 32,078	\$ —	\$ —	\$ 32,078

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 29,425	\$ —	\$ —	\$ 29,425
Total assets measured at fair value	\$ 29,425	\$ —	\$ —	\$ 29,425

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Smaller Company Fund 6.03M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	7,888	8,705	10,252	11,329	14,025	8,792	8,399	8,788	8,063	9,509
Individual Back-End Load (IB)	7,582	8,945	10,626	12,940	15,301	8,874	9,063	9,566	9,672	10,902
Managed Money (IC)	1,690	1,587	1,696	1,781	1,817	2,308	1,849	1,731	1,488	1,425
75/75 guarantee policy	78,778	73,783	88,775	78,842	67,728	3,312	2,685	2,870	2,117	1,733
75/100 guarantee policy	53,857	66,302	90,531	73,136	69,957	2,222	2,373	2,884	1,938	1,771
100/100 guarantee policy	11,638	15,550	17,859	27,283	28,262	450	524	538	687	682
PS1 75/75 guarantee policy	63,589	74,666	73,603	73,977	75,074	2,012	2,037	1,778	1,479	1,425
PS1 75/100 guarantee policy	46,452	47,071	61,099	55,948	45,786	1,439	1,261	1,452	1,102	858
PS1 100/100 guarantee policy	16,963	15,717	16,536	17,036	17,352	507	407	382	327	318
PS2 75/75 guarantee policy	24,498	26,463	28,043	28,444	33,361	982	893	817	669	727
PS2 75/100 guarantee policy	33,354	35,993	51,484	50,408	55,048	1,337	1,214	1,500	1,186	1,200
PS2 100/100 guarantee policy	—	—	—	5,580	6,211	—	—	—	131	135
PS 75/75 guarantee policy	9,876	9,461	19,317	7,206	—	149	122	219	67	—
PPS 75/75 guarantee policy	3,374	3,243	2,138	—	—	52	42	24	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	1,114.52	964.77	857.20	711.76	677.99	149.75	107.57
Individual Back-End Load (IB)	1,170.45	1,013.18	900.22	747.47	712.51	157.27	112.96
Managed Money (IC)	1,365.71	1,165.35	1,020.64	835.37	784.48	200.36	144.71
75/75 guarantee policy	42.04	36.39	32.33	26.84	25.59	5.65	4.06
75/100 guarantee policy	41.26	35.78	31.86	26.50	25.31	5.48	3.92
100/100 guarantee policy	38.67	33.68	30.12	25.16	24.14	4.99	3.56
PS1 75/75 guarantee policy	31.63	27.29	24.16	19.99	18.98	4.34	3.13
PS1 75/100 guarantee policy	30.98	26.78	23.76	19.70	18.75	4.20	3.02
PS1 100/100 guarantee policy	29.86	25.91	23.08	19.21	18.35	3.95	2.83
PS2 75/75 guarantee policy	40.10	33.74	29.14	23.52	21.79	6.36	4.60
PS2 75/100 guarantee policy	40.10	33.74	29.14	23.52	21.79	6.36	4.60
PS2 100/100 guarantee policy	—	—	—	23.52	21.79	—	—
PS 75/75 guarantee policy	15.09	12.92	11.36	9.33	—	2.17	1.56
PPS 75/75 guarantee policy	15.28	13.04	11.42	—	—	2.24	1.62

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Stocks

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Smaller Company Fund 6.03M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Smaller Company Fund 6.03M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.83	2.83	2.84	2.87	3.10
Individual Back-End Load (IB)	2.83	2.83	2.84	2.86	2.88
Managed Money (IC)	1.39	1.39	1.40	1.40	1.51
75/75 guarantee policy	2.82	2.83	2.83	2.85	2.88
75/100 guarantee policy	3.03	3.03	3.03	3.04	3.03
100/100 guarantee policy	3.46	3.46	3.46	3.51	3.56
PS1 75/75 guarantee policy	2.47	2.47	2.47	2.48	2.47
PS1 75/100 guarantee policy	2.69	2.69	2.69	2.70	2.69
PS1 100/100 guarantee policy	3.07	3.07	3.08	3.09	3.08
PS 75/75 guarantee policy	1.73	1.74	1.73	1.73	—
PPS 75/75 guarantee policy	1.37	1.37	1.37	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	42.33	31.19	33.37	50.90	42.77

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN OPPORTUNITY FUND 8.04M

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Opportunity Fund 8.04M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Opportunity Fund 8.04M

(in Canadian \$ thousands)

Fund Manager: Irish Life Investment Managers Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 177	\$ 62
Investment income due and accrued	11	12
Due from The Canada Life Assurance Company (note 7)	1	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	13,377	13,472
Investment fund units	—	—
Total investments	13,377	13,472
Total assets	\$ 13,566	\$ 13,546
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	2
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	2
Net assets attributable to contractholders	\$ 13,566	\$ 13,544

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,139	\$ 110
Miscellaneous income (loss)	1	5
Total income	2,140	115
Expenses		
Management fees (note 7)	319	343
Transaction costs	2	3
Withholding taxes	43	49
Other	31	32
Total expenses	395	427
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,745	\$ (312)
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 13,544	\$ 16,628
Contractholder deposits	277	430
Contractholder withdrawals	(2,000)	(3,202)
Increase (decrease) in net assets from operations attributable to contractholders	1,745	(312)
Change in net assets attributable to contractholders	22	(3,084)
Net assets attributable to contractholders - end of year	\$ 13,566	\$ 13,544

Canadian Opportunity Fund 8.04M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,745	\$ (312)
Adjustments		
Realized (gains) losses	(852)	509
Unrealized (gains) losses	(971)	(211)
Gross proceeds of disposition of investments	8,353	11,075
Gross payments for the purchase of investments	(6,435)	(8,329)
Change in investment income due and accrued	1	13
Change in due from/to The Canada Life Assurance Company	(3)	(7)
	<u>1,838</u>	<u>2,738</u>
Financing Activities		
Contractholder deposits	277	430
Contractholder withdrawals	(2,000)	(3,202)
	<u>(1,723)</u>	<u>(2,772)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	115	(34)
Cash, short-term deposits and overdrafts, beginning of year	62	96
Cash, short-term deposits and overdrafts, end of year	\$ 177	\$ 62
Supplementary cash flow information		
Dividend income received	\$ 317	\$ 420

Canadian Opportunity Fund 8.04M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Energy			
Enbridge Inc. [CAD]	3,091	157	152
Hydro One Ltd.	2,517	76	83
TC Energy Corp.	684	41	40
Materials			
Barrick Gold Corp.	803	16	19
Franco-Nevada Corp. [CAD]	471	53	81
Kirkland Lake Gold Ltd.	541	35	29
Total Canadian Common Stock		378	404
United States Common Stock			
Communication Services			
Activision Blizzard Inc.	338	36	28
Alphabet Inc. Class A	48	78	176
AT&T Inc.	3,279	183	102
Meta Platforms Inc.	61	23	26
Netflix Inc.	28	24	21
Verizon Communications Inc.	2,382	155	157
ViacomCBS Inc.	828	37	32
Consumer Discretionary			
Amazon.com Inc.	36	100	152
AutoZone Inc.	55	86	146
Dollar General Corp.	549	152	164
eBay Inc.	167	12	14
O'Reilly Automotive Inc.	186	132	166
Pool Corp.	17	12	12
Target Corp.	471	63	138
Tesla Inc.	9	12	12
The Home Depot Inc.	335	137	176
Tractor Supply Co.	151	29	46
Consumer Staples			
Colgate Palmolive Co.	1,593	144	172
Costco Wholesale Corp.	43	20	31
CVS Health Corp.	123	10	16

Canadian Opportunity Fund 8.04M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Staples (continued)			
General Mills Inc.	236	19	20
Kimberly-Clark Corp.	539	95	97
PepsiCo Inc.	713	88	157
The Clorox Co.	312	61	69
The Kroger Co.	2,926	100	168
The Procter & Gamble Co.	846	97	175
Walmart Inc.	849	141	155
Energy			
Coterra Energy Inc.	781	18	19
EOG Resources Inc.	527	60	59
Exxon Mobil Corp.	760	78	59
Kinder Morgan Inc.	5,602	119	112
Exchange Traded Funds			
Vanguard FTSE Developed Markets ETF	3,477	225	225
Vanguard S&P 500 ETF	638	335	351
Financials			
Berkshire Hathaway Inc. Class B	377	134	143
Northern Trust Corp.	996	134	151
S&P Global Inc.	108	45	64
T. Rowe Price Group Inc.	578	136	144
The Allstate Corp.	1,087	159	162
The Bank of New York Mellon Corp.	2,083	105	153
The Progressive Corp.	796	97	103
Health Care			
Abbott Laboratories	225	37	40
AbbVie Inc.	201	30	34
AmerisourceBergen Corp.	298	40	50
Amgen Inc.	601	173	171
Biogen Inc.	131	50	40
Bristol-Myers Squibb Co.	1,142	77	90
Cardinal Health Inc.	2,322	161	151
Cerner Corp.	813	78	96
Edwards Lifesciences Corp.	421	45	69

Canadian Opportunity Fund 8.04M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care (continued)			
Eli Lilly and Co.	121	27	42
Gilead Sciences Inc.	1,857	164	171
Laboratory Corp. of America Holdings	85	27	34
McKesson Corp.	562	100	176
Merck & Co. Inc.	1,491	153	145
Pfizer Inc.	824	40	62
Quest Diagnostics Inc.	462	80	101
Regeneron Pharmaceuticals Inc.	185	141	148
Thermo Fisher Scientific Inc.	75	47	63
UnitedHealth Group Inc.	78	44	50
Vertex Pharmaceuticals Inc.	436	137	121
Industrials			
3M Co.	325	80	73
Expeditors International of Washington Inc.	968	117	164
J.B. Hunt Transport Services Inc.	68	14	18
Information Technology			
Adobe Inc.	188	112	135
Apple Inc.	1,354	52	303
Automatic Data Processing Inc.	220	65	69
Cisco Systems Inc.	2,180	118	175
Cognizant Technology Solutions Corp.	242	25	27
Electronic Arts Inc.	214	32	36
HP Inc.	318	12	15
IBM Corp.	510	87	86
Intel Corp.	2,480	140	162
Jack Henry & Associates Inc.	91	18	19
Micron Technology Inc.	659	63	78
Microsoft Corp.	580	74	247
Oracle Corp.	1,327	103	146
Texas Instruments Inc.	624	123	149
The Western Union Co.	2,639	57	60
Visa Inc. Class A	502	120	138
Materials			
Newmont Corp. [USD]	1,614	72	127

Canadian Opportunity Fund 8.04M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Real Estate			
American Tower Corp. REIT Class A	131	36	48
Public Storage REIT	375	106	177
Utilities			
Consolidated Edison Inc.	402	48	43
Exelon Corp.	601	27	44
Total United States Common Stock		7,043	8,766
Global Common Stock			
Belgium			
Colruyt SA	955	68	51
Proximus Group	605	20	15
Sofina SA	50	29	31
Bermuda			
Bunge Ltd.	148	18	17
Cayman Islands			
CK Asset Holdings Ltd.	6,000	41	48
Denmark			
Coloplast AS	691	135	153
Novo Nordisk AS	790	62	112
Finland			
Kone OYJ	560	63	50
France			
Orange SA	1,054	16	14
Germany			
Fresenius Medical Care AG & Co. KGaA	162	18	13
Hong Kong			
Hang Seng Bank Ltd.	3,600	85	83
Hong Kong Exchanges and Clearing Ltd.	2,007	83	148

Canadian Opportunity Fund 8.04M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Hong Kong (continued)			
Link REIT	3,577	47	40
Sino Land Co. Ltd.	14,000	23	22
Sun Hung Kai Properties Ltd.	6,000	107	92
Ireland			
Accenture PLC Class A	338	109	177
Israel			
Bank Hapoalim BM	11,572	110	151
Check Point Software Technologies Ltd.	548	80	81
Mizrahi Tefahot Bank Ltd.	1,678	64	82
Japan			
Brother Industries Ltd.	3,400	81	83
Canon Inc.	1,800	63	55
Dai Nippon Printing Co. Ltd.	500	15	16
Daito Trust Construction Co. Ltd.	700	116	101
Fujitsu Ltd.	200	31	43
ITOCHU Corp.	300	7	12
Kajima Corp.	1,400	40	20
Kao Corp.	600	58	40
KDDI Corp.	3,300	118	122
Medipal Holdings Corp.	2,600	60	62
MEIJI Holdings Co. Ltd.	1,000	78	75
Mitsubishi Electric Corp.	1,300	23	21
Nintendo Co. Ltd.	100	68	59
Ono Pharmaceutical Co. Ltd.	400	17	13
Otsuka Holdings Co. Ltd.	1,300	60	59
SECOM Co. Ltd.	1,700	181	149
Seiko Epson Corp.	1,500	32	34
Subaru Corp.	3,100	80	70
Taisei Corp.	2,600	113	100
Toppan Inc.	500	10	12
Yamada Holdings Co. Ltd.	15,200	70	66
Yamato Holdings Co. Ltd.	1,100	33	33

Canadian Opportunity Fund 8.04M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Netherlands			
Koninklijke Ahold Delhaize NV	3,545	114	154
Singapore			
Singapore Exchange Ltd.	10,500	90	92
Venture Corp. Ltd.	4,000	66	69
Spain			
Red Electrica Corp. SA	3,720	90	102
Telefonica SA	23,772	128	131
Sweden			
Investor AB	2,362	45	75
Kinnevik AB	446	24	20
Switzerland			
Garmin Ltd.	284	38	49
Geberit AG	156	122	160
Logitech International SA	485	45	51
Nestle SA	809	75	143
Novartis AG	659	74	73
Roche Holding AG Genusscheine	311	102	163
Schindler Holding AG	176	63	60
Swatch Group AG	428	33	32
Swisscom AG	186	130	133
United Kingdom			
GlaxoSmithKline PLC	2,717	69	75
Total Global Common Stock		3,840	4,207
Total Stocks		11,261	13,377
Transaction Costs (see notes to financial statements (note 2))		(3)	
Total Investments		11,258	13,377

Canadian Opportunity Fund 8.04M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Opportunity Fund 8.04M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 9,090	\$ 13	\$ 9,103	\$ 91
Japanese Yen	1,245	—	1,245	13
Swiss Franc	815	—	815	8
Other Currencies	1,823	9	1,832	18
Total	\$ 12,973	\$ 22	\$ 12,995	\$ 130
As Percent of Net Assets Attributable to Contractholders			95.8%	1.0%

*Includes both monetary and non-monetary instruments

Canadian Opportunity Fund 8.04M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 8,623	\$ 8	\$ 8,631	\$ 86
Japanese Yen	1,538	—	1,538	16
Swiss Franc	937	—	937	9
Other Currencies	2,013	7	2,020	20
Total	\$ 13,111	\$ 15	\$ 13,126	\$ 131
As Percent of Net Assets Attributable to Contractholders			96.9%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$134 (\$135 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 10,430	\$ 2,947	\$ —	\$ 13,377
Total assets measured at fair value	\$ 10,430	\$ 2,947	\$ —	\$ 13,377
2020				
Assets Measured at Fair Value				
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Stocks	\$ 8,971	\$ 4,501	\$ —	\$ 13,472
Total assets measured at fair value	\$ 8,971	\$ 4,501	\$ —	\$ 13,472

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Canadian Opportunity Fund 8.04M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	3,813	4,124	4,913	5,826	6,894	2,982	2,837	3,431	3,694	4,388
Individual Back-End Load (IB)	5,018	6,129	7,441	8,948	9,572	4,103	4,407	5,433	5,933	6,375
Managed Money (IC)	351	335	376	500	552	229	189	213	254	278
75/75 guarantee policy	35,542	39,089	48,798	55,967	52,516	879	850	1,077	1,122	1,058
75/100 guarantee policy	49,742	61,126	64,486	72,168	65,228	1,212	1,314	1,409	1,434	1,304
100/100 guarantee policy	57,325	58,388	57,686	59,940	62,105	1,329	1,197	1,207	1,144	1,197
PS1 75/75 guarantee policy	33,794	43,042	67,369	68,008	54,077	790	881	1,394	1,272	1,011
PS1 75/100 guarantee policy	24,484	19,903	30,063	31,851	16,869	561	400	612	587	311
PS1 100/100 guarantee policy	6,351	6,790	4,439	4,186	3,812	141	133	88	76	69
PS2 75/75 guarantee policy	27,002	28,061	41,624	44,967	61,222	796	707	1,034	986	1,310
PS2 75/100 guarantee policy	13,230	20,025	24,242	17,508	10,997	390	504	603	384	235
PS2 100/100 guarantee policy	1,638	1,681	1,727	1,772	—	48	42	43	39	—
PS 75/75 guarantee policy	7,529	7,286	7,320	20	—	92	77	78	—	—
PS 75/100 guarantee policy	1,147	599	605	—	—	14	6	6	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	781.97	687.80	698.28	634.09	636.50	94.17	(10.48)
Individual Back-End Load (IB)	817.60	719.14	730.10	662.98	665.96	98.46	(10.96)
Managed Money (IC)	650.91	565.04	566.18	507.43	502.76	85.87	(1.14)
75/75 guarantee policy	24.72	21.75	22.08	20.05	20.14	2.97	(0.33)
75/100 guarantee policy	24.40	21.49	21.85	19.87	19.99	2.91	(0.36)
100/100 guarantee policy	23.18	20.49	20.92	19.09	19.28	2.69	(0.43)
PS1 75/75 guarantee policy	23.38	20.47	20.69	18.70	18.69	2.91	(0.22)
PS1 75/100 guarantee policy	22.89	20.09	20.35	18.43	18.47	2.80	(0.26)
PS1 100/100 guarantee policy	22.18	19.53	19.84	18.03	18.13	2.65	(0.31)
PS2 75/75 guarantee policy	29.48	25.19	24.86	21.93	21.40	4.29	0.33
PS2 75/100 guarantee policy	29.48	25.19	24.85	21.93	21.40	4.29	0.34
PS2 100/100 guarantee policy	29.47	25.19	24.85	21.93	—	4.28	0.34
PS 75/75 guarantee policy	12.22	10.63	10.68	9.59	—	1.59	(0.05)
PS 75/100 guarantee policy	12.13	10.56	10.63	—	—	1.57	(0.07)

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Irish Life Investment Managers Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Opportunity Fund 8.04M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Opportunity Fund 8.04M

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.87	2.87	2.87	2.91	3.16
Individual Back-End Load (IB)	2.87	2.87	2.87	2.90	2.94
Managed Money (IC)	1.55	1.55	1.55	1.56	1.67
75/75 guarantee policy	2.87	2.87	2.87	2.90	2.93
75/100 guarantee policy	3.03	3.02	3.02	3.03	3.03
100/100 guarantee policy	3.39	3.39	3.39	3.41	3.41
PS1 75/75 guarantee policy	2.41	2.41	2.41	2.42	2.41
PS1 75/100 guarantee policy	2.62	2.63	2.63	2.63	2.62
PS1 100/100 guarantee policy	2.96	2.95	2.95	2.97	2.96
PS 75/75 guarantee policy	1.77	1.77	1.77	1.77	—
PS 75/100 guarantee policy	1.92	1.93	1.92	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	48.50	57.63	78.60	74.22	68.05

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND 6.04AT**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 6.04AT (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 6.04AT

(in Canadian \$ thousands)

Fund Manager: Invesco Canada Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 400	\$ 877
Investment income due and accrued	92	67
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	16	—
Due from outside parties	—	—
Investments		
Bonds	9,080	7,307
Stocks	20,648	16,975
Investment fund units	—	—
Total investments	<u>29,728</u>	<u>24,282</u>
Total assets	<u>\$ 30,236</u>	<u>\$ 25,226</u>
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	16	30
Due to brokers	—	299
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	<u>16</u>	<u>329</u>
Net assets attributable to contractholders	<u>\$ 30,220</u>	<u>\$ 24,897</u>

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 6,025	\$ 1,180
Miscellaneous income (loss)	(3)	15
Total income	<u>6,022</u>	<u>1,195</u>
Expenses		
Management fees (note 7)	613	551
Transaction costs	5	4
Withholding taxes	13	15
Other	59	52
Total expenses	<u>690</u>	<u>622</u>
Net increase (decrease) in net assets from operations attributable to contractholders	<u>\$ 5,332</u>	<u>\$ 573</u>

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 24,897	\$ 29,552
Contractholder deposits	3,932	1,464
Contractholder withdrawals	(3,941)	(6,692)
Increase (decrease) in net assets from operations attributable to contractholders	<u>5,332</u>	<u>573</u>
Change in net assets attributable to contractholders	<u>5,323</u>	<u>(4,655)</u>
Net assets attributable to contractholders - end of year	<u>\$ 30,220</u>	<u>\$ 24,897</u>

Balanced Fund 6.04AT

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 5,332	\$ 573
Adjustments		
Realized (gains) losses	(1,148)	(1,909)
Unrealized (gains) losses	(4,237)	1,362
Gross proceeds of disposition of investments	7,738	11,359
Gross payments for the purchase of investments	(7,799)	(5,695)
Change in investment income due and accrued	(25)	18
Change in due from/to The Canada Life Assurance Company	(14)	(36)
Change in due from/to brokers	(315)	299
	<u>(468)</u>	<u>5,971</u>
Financing Activities		
Contractholder deposits	3,932	1,464
Contractholder withdrawals	(3,941)	(6,692)
	<u>(9)</u>	<u>(5,228)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(477)	743
Cash, short-term deposits and overdrafts, beginning of year	877	134
Cash, short-term deposits and overdrafts, end of year	\$ 400	\$ 877
Supplementary cash flow information		
Interest income received	\$ 225	\$ 237
Dividend income received	390	414

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 2.35% 09-15-2023	2,000	2	2
Total Federal Government		2	2
Provincial Governments			
Province of Alberta 1.65% 06-01-2031	100,000	97	96
Province of British Columbia 1.55% 06-18-2031	190,000	183	184
Province of Manitoba 2.05% 09-05-2052	30,000	29	27
Province of Newfoundland and Labrador 1.25% 06-02-2027	30,000	30	29
Province of Ontario 2.15% 06-02-2031	130,000	130	131
Province of Ontario 2.25% 12-02-2031	60,000	60	61
Province of Quebec 1.90% 09-01-2030	100,000	104	100
Province of Quebec 2.85% 12-01-2053	40,000	41	44
Province of Saskatchewan 2.15% 06-02-2031	55,000	55	56
Province of Saskatchewan 2.20% 06-02-2030	40,000	42	41
Province of Saskatchewan 2.80% 12-02-2052	40,000	41	42
Total Provincial Governments		812	811
Municipal Governments			
City of Montreal 1.75% 09-01-2030	175,000	174	170
City of Montreal 2.00% 09-01-2031	50,000	50	49
City of Montreal 2.40% 12-01-2041	90,000	88	87
City of Montreal 3.00% 09-01-2027	100,000	112	106
City of Montreal 3.50% 12-01-2038	45,000	49	50
City of Toronto 2.15% 08-25-2040	95,000	93	88
City of Toronto 2.60% 09-24-2039	30,000	32	30
City of Toronto 2.85% 11-23-2041	40,000	40	41
City of Toronto 2.90% 04-29-2051	30,000	30	32
City of Toronto 4.15% 03-10-2044	100,000	120	125
Total Municipal Governments		788	778
Corporate - Non-convertible			
407 International Inc. 3.14% 03-06-2030	65,000	69	69
407 International Inc. 5.96% 12-03-2035	40,000	54	54
Air Canada 4.625% 08-15-2029	20,000	20	20

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Alectra Inc. 1.751% 02-11-2031	20,000	20	19
Algonquin Power & Utilities Corp. 4.60% 01-29-2029	40,000	40	45
Algonquin Power Co. 2.85% 07-15-2031	10,000	10	10
Alimentation Couche-Tard Inc. 3.60% 06-02-2025	50,000	49	53
Allied Properties REIT 3.113% 04-08-2027	80,000	81	82
Allied Properties REIT 3.131% 05-15-2028	50,000	53	51
AltaGas Canada Inc. 3.15% 04-06-2026	25,000	25	26
Bank of Montreal 1.928% 07-22-2031	50,000	50	49
Bank of Montreal 2.077% 06-17-2030	50,000	50	50
Bank of Montreal 2.28% 07-29-2024	35,000	35	36
Bank of Montreal 2.37% 02-03-2025	40,000	40	41
BCI QuadReal Realty 1.073% 02-04-2026	40,000	40	39
BCI QuadReal Realty 1.747% 07-24-2030	50,000	50	48
Bell Canada Inc. 2.90% 09-10-2029	40,000	39	41
Bell Canada Inc. 3.00% 03-17-2031	230,000	234	234
Bell Canada Inc. 3.60% 09-29-2027	138,000	144	147
Brookfield Asset Management Inc. 4.82% 01-28-2026	104,000	113	114
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	120,000	120	125
Bruce Power LP 2.68% 12-21-2028	20,000	20	20
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	45,000	45	44
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	50,000	52	50
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	30,000	30	29
Canadian Natural Resources Ltd. 1.45% 11-16-2023	15,000	15	15
Canadian Natural Resources Ltd. 2.50% 01-17-2028	80,000	81	80
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	40,000	40	42
Cenovus Energy Inc. 2.65% 01-15-2032	9,000	11	11
Cenovus Energy Inc. 3.50% 02-07-2028	40,000	40	42
Cenovus Energy Inc. 3.55% 03-12-2025	70,000	72	73
Cenovus Energy Inc. 3.60% 03-10-2027	30,000	31	32
Central 1 Credit Union 1.323% 01-29-2026	60,000	60	58
CGI Inc. 2.10% 09-18-2028	30,000	30	29
Choice Properties REIT 2.456% 11-30-2026	20,000	20	20
Choice Properties REIT 3.532% 06-11-2029	110,000	119	116
CI Financial Corp. 3.20% 12-17-2030	36,000	46	47
Classic RMBS Trust 1.433% 11-15-2051	17,619	18	18
Clover LP 4.216% 03-31-2034	21,061	21	22
Concentra Bank 1.462% 05-17-2024	20,000	20	20

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Corus Entertainment Inc. 5.00% 05-11-2028	39,000	39	39
Crombie REIT 2.686% 03-31-2028	30,000	30	30
Daimler Canada Finance Inc. 1.65% 09-22-2025	20,000	20	20
Daimler Trucks Finance Canada 2.46% 12-15-2026	125,000	125	126
Dollarama Inc. 3.55% 11-06-2023	40,000	41	41
Dream Industrial REIT 2.057% 06-17-2027	65,000	65	64
Dream Industrial REIT 2.539% 12-07-2026	30,000	30	30
Enbridge Gas Inc. 2.35% 09-15-2031	25,000	25	25
Enbridge Gas Inc. 3.20% 09-15-2051	25,000	25	26
Enbridge Inc. 3.10% 09-21-2033	20,000	20	20
Enbridge Inc. 3.20% 06-08-2027	50,000	54	52
Enbridge Inc. 4.10% 09-21-2051	20,000	20	20
Enbridge Inc. 5.375% 09-27-2077	37,000	37	39
Enbridge Inc. 5.75% 07-15-2080	21,000	28	30
EPCOR Utilities Inc. 2.411% 06-30-2031	30,000	30	30
Equitable Bank 1.876% 11-26-2025	40,000	40	39
Equitable Bank 1.939% 03-10-2025	25,000	25	25
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029	75,000	76	81
Federation des Caisses Desjardins du Quebec 1.093% 01-21-2026	30,000	30	29
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	90,000	90	92
Finning International Inc. 2.626% 08-14-2026	30,000	30	30
First National Financial Corp. 2.961% 11-17-2025	15,000	15	15
Ford Credit Canada Co. 2.961% 09-16-2026	50,000	50	49
Ford Credit Canada Co. 3.50% 11-30-2023	20,000	20	20
Ford Credit Canada Co. Floating Rate 01-10-2022	50,000	50	50
George Weston Ltd. 4.115% 06-17-2024	15,000	16	16
Gibson Energy Inc. 5.25% 12-22-2030	15,000	15	15
Granite REIT Holdings LP 2.194% 08-30-2028	80,000	79	79
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	80,000	80	82
Honda Canada Finance Inc. 1.337% 03-17-2026	50,000	50	49
Honda Canada Finance Inc. 1.646% 02-25-2028	10,000	10	10
Honda Canada Finance Inc. 1.711% 09-28-2026	30,000	30	30
Honda Canada Finance Inc. 3.444% 05-23-2025	35,000	35	37
HSBC Bank Canada 1.782% 05-20-2026	50,000	50	50
Hydro One Inc. 1.76% 02-28-2025	100,000	100	101
Hydro-Quebec 2.10% 02-15-2060	40,000	40	36
Hyundai Capital Canada Inc. 2.008% 05-12-2026	40,000	40	40

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Institutional Mortgage Securities Canada Inc. 2.778% 03-12-2025	12,000	11	12
Inter Pipeline Ltd. 3.484% 12-16-2026	55,000	56	57
Inter Pipeline Ltd. 3.983% 11-25-2031	50,000	50	51
Inter Pipeline Ltd. 5.091% 11-27-2051	20,000	20	21
Inter Pipeline Ltd. 6.625% 11-19-2079	40,000	40	43
Ivanhoe Cambridge II Inc. 2.296% 12-12-2024	50,000	50	51
John Deere Financial Inc. 1.34% 09-08-2027	30,000	30	29
John Deere Financial Inc. 2.46% 04-04-2024	20,000	20	20
Loblaw Companies Ltd. 4.488% 12-11-2028	15,000	18	17
Manulife Bank of Canada 1.337% 02-26-2026	25,000	25	24
Manulife Bank of Canada 2.378% 11-19-2024	40,000	40	41
Manulife Financial Corp. 3.375% 06-19-2081	50,000	50	49
Mattamy Group Corp. 4.625% 03-01-2028	50,000	50	51
MCAP Commercial LP 3.384% 11-26-2027	20,000	20	20
MCAP Commercial LP 3.743% 08-25-2025	30,000	30	31
MCAP RMBS Issuer Corp. 2.75% 05-15-2023	13,809	14	14
Municipal Finance Authority of British Columbia 2.50% 09-27-2041	40,000	40	40
National Bank of Canada 1.573% 08-18-2026	70,000	70	69
National Bank of Canada 2.545% 07-12-2024	40,000	40	41
National Bank of Canada 2.58% 02-03-2025	60,000	60	61
National Bank of Canada 2.983% 03-04-2024	25,000	25	26
National Bank of Canada 4.05% 08-15-2081	30,000	30	30
National Bank of Canada 4.30% 11-15-2025	30,000	30	31
Nissan Canada Inc. 2.103% 09-22-2025	30,000	30	30
North West Redwater Partnership/NWR Financing Co. Ltd. 2.00% 12-01-2026	150,000	152	149
Parkland Corp. of Canada 3.875% 06-16-2026	50,000	50	50
Parkland Corp. of Canada 4.375% 03-26-2029	20,000	20	20
Pembina Pipeline Corp. 3.53% 12-10-2031	20,000	20	20
Penske Truck Leasing Canada Inc. 2.70% 09-30-2024	30,000	30	31
Real Estate Asset Liquidity Trust 2.395% 01-12-2030	19,946	20	20
Real Estate Asset Liquidity Trust 2.873% 02-12-2031	10,000	10	10
Real Estate Asset Liquidity Trust 3.636% 11-12-2052	86,000	86	90
Reliance LP 2.67% 08-01-2028	95,000	95	95
Reliance LP 2.68% 12-01-2027	120,000	122	120
RioCan REIT 1.974% 06-15-2026	25,000	25	25
RioCan REIT 2.829% 11-08-2028	20,000	20	20
Ritchie Bros. Holdings Ltd. 4.95% 12-15-2029	20,000	20	20

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Royal Bank of Canada 1.589% 05-04-2026	100,000	100	98
Royal Bank of Canada 1.67% 01-28-2033	30,000	30	29
Royal Bank of Canada 1.833% 07-31-2028	60,000	60	59
Royal Bank of Canada 2.088% 06-30-2030	50,000	52	50
Royal Bank of Canada 2.14% 11-03-2031	60,000	60	59
Royal Bank of Canada 2.328% 01-28-2027	50,000	53	51
Royal Bank of Canada 2.74% 07-25-2029	50,000	50	51
Sagen MI Canada Inc. 3.261% 03-05-2031	35,000	35	35
Sienna Senior Living Inc. 3.109% 11-04-2024	20,000	20	21
Summit Industrial Income REIT 2.44% 07-14-2028	15,000	15	15
Sun Life Financial Inc. 2.80% 11-21-2033	50,000	50	51
Sun Life Financial Inc. 3.60% 06-30-2081	30,000	30	30
Suncor Energy Inc. 5.00% 04-09-2030	200,000	238	231
Superior Plus LP 4.25% 05-18-2028	20,000	20	20
Sysco Canada Inc. 3.65% 04-25-2025	64,000	64	67
TELUS Corp. 2.05% 10-07-2030	100,000	95	95
TELUS Corp. 2.85% 11-13-2031	15,000	15	15
TELUS Corp. 3.625% 03-01-2028	130,000	142	139
TELUS Corp. 3.95% 02-16-2050	20,000	22	20
The Bank of Nova Scotia 2.836% 07-03-2029	35,000	35	36
The Bank of Nova Scotia 3.70% 07-27-2081	30,000	30	29
The Independent Order of Foresters 2.885% 10-15-2035	30,000	30	30
The Toronto-Dominion Bank 1.888% 03-08-2028	150,000	151	148
The Toronto-Dominion Bank 3.06% 01-26-2032	25,000	25	26
Thomson Reuters Corp. 2.239% 05-14-2025	40,000	40	40
Toyota Credit Canada Inc. 1.18% 02-23-2026	35,000	35	34
Toyota Credit Canada Inc. 1.66% 07-20-2026	30,000	30	30
TransCanada PipeLines Ltd. 2.97% 06-09-2031	50,000	50	50
TransCanada PipeLines Ltd. 3.00% 09-18-2029	150,000	154	154
TransCanada Trust 4.20% 03-04-2081	20,000	20	20
Vancouver Airport Fuel Facilities Corp. 2.168% 06-23-2025	150,000	150	147
Ventas Canada Finance Ltd. 2.45% 01-04-2027	20,000	20	20
Ventas Canada Finance Ltd. 3.30% 12-01-2031	20,000	20	20
Ventas Canada Inc. 4.125% 09-30-2024	19,000	21	20
Videotron Ltd. 3.125% 01-15-2031	20,000	20	18
Videotron Ltd. 5.75% 01-15-2026	104,000	104	106
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	30,000	30	30

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
VW Credit Canada Inc. 1.50% 09-23-2025	20,000	20	20
VW Credit Canada Inc. 2.45% 12-10-2026	30,000	30	30
Waste Management of Canada Corp. 2.60% 09-23-2026	60,000	60	62
Total Corporate - Non-convertible		7,412	7,423
Mortgage Backed			
Real Estate Asset Liquidity Trust 3.072% 06-12-2023	36,000	22	22
Total Mortgage Backed		22	22
Total Canadian Bonds		9,036	9,036
Global Bonds			
Australia			
Macquarie Group Ltd. 2.723% 08-21-2029	44,000	44	44
Total Global Bonds		44	44
Total Bonds		9,080	9,080
Canadian Common Stock			
Communication Services			
TELUS Corp.	20,352	487	606
Consumer Discretionary			
BRP Inc.	4,058	136	450
Consumer Staples			
Alimentation Couche-Tard Inc.	8,078	253	428
Energy			
Canadian Natural Resources Ltd.	14,644	478	783
Genovus Energy Inc.	37,252	734	578
Total Energy Services Inc.	34,278	734	207

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials			
Brookfield Asset Management Inc.	24,890	603	1,901
Fairfax Financial Holdings Ltd. sub. voting	847	396	527
Manulife Financial Corp.	32,272	572	778
Royal Bank of Canada	14,255	1,213	1,915
The Bank of Nova Scotia	17,516	1,102	1,569
The Toronto-Dominion Bank	10,856	501	1,053
Industrials			
Heroux-Devtek Inc.	26,563	342	478
Richelieu Hardware Ltd.	9,184	173	401
Toromont Industries Ltd.	4,734	153	541
Information Technology			
CGI Group Inc. Class A sub. voting	4,311	330	482
Open Text Corp.	8,319	259	499
Real Estate			
Morguard Corp.	1,995	322	272
Total Canadian Common Stock		8,788	13,468
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	142	386	520
Meta Platforms Inc.	1,360	446	580
Consumer Discretionary			
CarMax Inc.	2,197	154	362
Marriott International Inc. Class A	2,011	278	420
Financials			
Berkshire Hathaway Inc. Class B	1,627	254	615
Wells Fargo & Co.	8,120	403	493
Health Care			
UnitedHealth Group Inc.	1,161	446	737

Balanced Fund 6.04AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Industrials			
Deere & Co.	879	127	381
Expeditors International of Washington Inc.	2,762	161	469
Northrop Grumman Corp.	1,455	556	712
Information Technology			
Microsoft Corp.	982	57	418
Total United States Common Stock		3,268	5,707
Global Common Stock			
Germany			
Brenntag SE	3,184	192	365
Ireland			
Aon Corp.	1,541	450	586
South Korea			
Hyundai Motor Co. 2nd Preferred Conv.	1,945	216	208
Hyundai Motor Co. Preference Shares	2,705	292	283
Hyundai Motor Co. Preferred Conv.	316	33	31
Total Global Common Stock		1,183	1,473
Total Stocks		13,239	20,648
Transaction Costs (see notes to financial statements (note 2))		(3)	
Total Investments		22,316	29,728

Balanced Fund 6.04AT

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Balanced Fund 6.04AT (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Balanced Fund 6.04AT

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,380	\$ 6	\$ 6,386	\$ 64
South Korean Won	522	—	522	5
Euro	365	9	374	4
Total	\$ 7,267	\$ 15	\$ 7,282	\$ 73
As Percent of Net Assets Attributable to Contractholders			24.1%	0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 5,297	\$ 6	\$ 5,303	\$ 53
South Korean Won	592	5	597	6
Euro	407	1	408	4
Total	\$ 6,296	\$ 12	\$ 6,308	\$ 63
As Percent of Net Assets Attributable to Contractholders			25.3%	0.3%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 50	\$ 2,887	\$ 4,763	\$ 1,380	\$ 9,080

2020

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 152	\$ 3,045	\$ 3,445	\$ 665	\$ 7,307

Balanced Fund 6.04AT

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$591 (\$426 at December 31, 2020) or approximately 2.0% (1.7% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 8)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	2.5	0.8	2.2	0.6
AA	10.5	3.2	10.8	3.2
A	26.3	7.9	22.8	6.7
BBB	53.6	16.1	57.8	17.0
BB and lower	7.1	2.1	6.4	1.9
Total	100.0	30.1	100.0	29.4

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Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$206 (\$170 at December 31, 2020) or approximately 0.7% (0.7% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 9,080	\$ —	\$ 9,080
Stocks	19,761	887	—	20,648
Total assets measured at fair value	\$ 19,761	\$ 9,967	\$ —	\$ 29,728

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 7,307	\$ —	\$ 7,307
Stocks	15,977	998	—	16,975
Total assets measured at fair value	\$ 15,977	\$ 8,305	\$ —	\$ 24,282

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

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(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	12,422	13,346	15,826	20,424	25,345	8,518	7,547	8,580	9,884	13,435
Individual Back-End Load (IB)	11,979	12,736	13,895	17,224	19,698	8,627	7,563	7,911	8,754	10,973
Managed Money (IC)	1,979	1,814	2,268	2,714	2,910	1,371	1,021	1,206	1,271	1,471
75/75 guarantee policy	89,948	69,909	105,237	113,984	110,079	2,085	1,336	1,928	1,864	1,974
75/100 guarantee policy	110,860	105,972	105,664	121,955	99,340	2,522	1,991	1,906	1,967	1,759
100/100 guarantee policy	21,674	22,269	51,417	57,582	54,138	482	410	911	913	944
PS1 75/75 guarantee policy	77,818	52,441	79,033	64,713	73,556	1,704	942	1,354	985	1,220
PS1 75/100 guarantee policy	38,761	31,521	49,050	55,968	70,798	835	558	830	842	1,164
PS1 100/100 guarantee policy	44,060	45,493	124,936	129,897	152,403	930	791	2,079	1,927	2,475
PS2 75/75 guarantee policy	68,679	80,027	93,598	101,591	102,995	1,877	1,754	1,912	1,801	1,945
PS2 75/100 guarantee policy	37,103	36,811	40,855	43,872	44,888	1,014	807	835	778	848
PS2 100/100 guarantee policy	1,059	1,084	1,110	1,136	1,164	29	24	23	20	22
PS 75/75 guarantee policy	1,094	1,038	994	401	—	15	12	10	4	—
PS 75/100 guarantee policy	9,138	6,262	6,403	—	—	124	69	67	—	—
PPS 75/100 guarantee policy	6,331	6,380	—	—	—	87	72	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	685.72	565.49	542.13	483.95	530.08	120.23	23.36
Individual Back-End Load (IB)	720.14	593.87	569.34	508.24	557.07	126.27	24.53
Managed Money (IC)	692.42	562.94	532.06	468.23	505.71	129.48	30.88
75/75 guarantee policy	23.18	19.11	18.32	16.36	17.93	4.07	0.79
75/100 guarantee policy	22.75	18.79	18.04	16.13	17.71	3.96	0.75
100/100 guarantee policy	22.26	18.41	17.71	15.86	17.44	3.85	0.70
PS1 75/75 guarantee policy	21.89	17.96	17.13	15.21	16.59	3.93	0.83
PS1 75/100 guarantee policy	21.55	17.71	16.92	15.05	16.44	3.84	0.79
PS1 100/100 guarantee policy	21.10	17.38	16.64	14.83	16.24	3.72	0.74
PS2 75/75 guarantee policy	27.33	21.91	20.43	17.73	18.89	5.42	1.48
PS2 75/100 guarantee policy	27.33	21.91	20.43	17.73	18.89	5.42	1.48
PS2 100/100 guarantee policy	27.33	21.91	20.42	17.73	18.88	5.42	1.49
PS 75/75 guarantee policy	13.63	11.12	10.54	9.31	—	2.51	0.58
PS 75/100 guarantee policy	13.55	11.07	10.51	—	—	2.48	0.56
PPS 75/100 guarantee policy	13.79	11.21	—	—	—	2.58	0.62

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Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Fund 6.04AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund 6.04AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 6.04AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Balanced Fund 6.04AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Balanced Fund 6.04AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund 6.04AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

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Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

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Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

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Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Balanced Fund 6.04AT

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.82	2.81	2.83	2.86	3.06
Individual Back-End Load (IB)	2.82	2.81	2.83	2.85	2.84
Managed Money (IC)	1.39	1.39	1.40	1.41	1.51
75/75 guarantee policy	2.81	2.82	2.83	2.85	2.83
75/100 guarantee policy	2.97	2.97	2.98	3.00	2.98
100/100 guarantee policy	3.13	3.14	3.15	3.17	3.15
PS1 75/75 guarantee policy	2.30	2.30	2.31	2.33	2.31
PS1 75/100 guarantee policy	2.46	2.47	2.47	2.50	2.47
PS1 100/100 guarantee policy	2.68	2.70	2.69	2.72	2.70
PS 75/75 guarantee policy	1.72	1.71	1.71	1.73	—
PS 75/100 guarantee policy	1.87	1.87	1.87	—	—
PPS 75/100 guarantee policy	1.37	1.37	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	28.15	21.84	23.21	15.39	27.72

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
INCOME FUND 6.06M**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Income Fund 6.06M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Income Fund 6.06M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 211	\$ 2,380
Investment income due and accrued	341	317
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	209	201
Due from outside parties	5	5
Investments		
Bonds	65,905	55,470
Stocks	29,641	25,306
Investment fund units	—	—
Derivatives (note 7)	65	484
Total investments	95,611	81,260
Total assets	\$ 96,377	\$ 84,163
Liabilities		
Overdrafts	\$ 128	\$ —
Due to The Canada Life Assurance Company (note 8)	73	36
Due to brokers	80	216
Due to outside parties	—	—
Derivatives (note 7)	244	172
Total liabilities excluding net assets attributable to contractholders	525	424
Net assets attributable to contractholders	\$ 95,852	\$ 83,739

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,393	\$ 6,988
Miscellaneous income (loss)	(3)	(50)
Total income	5,390	6,938
Expenses		
Management fees (note 8)	1,540	1,345
Transaction costs	19	18
Withholding taxes	38	30
Other	173	152
Total expenses	1,770	1,545
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,620	\$ 5,393

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 83,739	\$ 83,445
Contractholder deposits	28,515	10,696
Contractholder withdrawals	(20,022)	(15,795)
Increase (decrease) in net assets from operations attributable to contractholders	3,620	5,393
Change in net assets attributable to contractholders	12,113	294
Net assets attributable to contractholders - end of year	\$ 95,852	\$ 83,739

Income Fund 6.06M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 10)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,620	\$ 5,393
Adjustments		
Add back amortization of premium (discount)	(87)	(72)
Realized (gains) losses	(2,411)	(3,014)
Unrealized (gains) losses	(425)	(1,804)
Gross proceeds of disposition of investments	58,487	72,013
Gross payments for the purchase of investments	(69,843)	(67,478)
Change in investment income due and accrued	(24)	21
Change in due from/to The Canada Life Assurance Company	37	32
Change in due from/to brokers	(144)	(163)
	<u>(10,790)</u>	<u>4,928</u>
Financing Activities		
Contractholder deposits	28,515	10,696
Contractholder withdrawals	(20,022)	(15,795)
	<u>8,493</u>	<u>(5,099)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(2,297)	(171)
Cash, short-term deposits and overdrafts, beginning of year	2,380	2,551
Cash, short-term deposits and overdrafts, end of year	\$ 83	\$ 2,380
Supplementary cash flow information		
Interest income received	\$ 1,493	\$ 1,634
Dividend income received	764	803

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.10% 03-15-2031	1,350,000	1,295	1,265
Canada Housing Trust No. 1 1.75% 06-15-2030	420,000	430	419
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3,700,000	3,700	3,708
Government of Canada 0.50% 12-01-2050 Real Return	173,000	212	228
Government of Canada 0.75% 10-01-2024	371,000	367	368
Government of Canada 1.00% 09-01-2026	387,000	381	383
Government of Canada 1.50% 06-01-2031	141,000	142	142
Government of Canada 1.75% 12-01-2053	30,000	30	30
Government of Canada 2.00% 12-01-2051	949,000	994	1,021
Total Federal Government		7,551	7,564
Provincial Governments			
Hydro-Quebec Generic Coupon Strip 0.00% 02-15-2025	150,000	120	144
Ontario Hydro Generic Coupon Strip 0.00% 05-26-2025	140,000	105	133
Ontario Power Generation Inc. 2.977% 09-13-2029	70,000	73	73
Ontario Power Generation Inc. 3.215% 04-08-2030	30,000	30	32
Ontario Power Generation Inc. 3.315% 10-04-2027	80,000	80	85
Province of Alberta 1.65% 06-01-2031	90,000	86	87
Province of Alberta 2.95% 06-01-2052	1,945,000	1,999	2,114
Province of Alberta 3.05% 12-01-2048	210,000	218	230
Province of Alberta 3.10% 06-01-2050	352,000	365	391
Province of British Columbia 1.55% 06-18-2031	1,300,000	1,232	1,253
Province of British Columbia 2.75% 06-18-2052	140,000	137	151
Province of British Columbia 2.80% 06-18-2048	140,000	142	150
Province of British Columbia 2.85% 06-18-2025	140,000	153	147
Province of British Columbia 2.95% 06-18-2050	90,000	102	100
Province of Manitoba 2.05% 09-05-2052	250,000	203	225
Province of Manitoba 3.20% 03-05-2050	420,000	448	476
Province of Ontario 1.55% 11-01-2029	451,000	450	441
Province of Ontario 1.90% 12-02-2051	1,420,000	1,184	1,256
Province of Ontario 2.25% 12-02-2031	1,625,000	1,623	1,649
Province of Ontario 2.55% 12-02-2052	1,145,000	1,099	1,171
Province of Ontario 3.45% 06-02-2045	60,000	68	70
Province of Ontario Generic Coupon Strip 0.00% 12-02-2023	800,000	609	782
Province of Ontario Generic Residual Strip 0.00% 07-13-2022	170,000	133	170
Province of Quebec 1.50% 09-01-2031	820,000	770	784

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Quebec 3.10% 12-01-2051	1,643,000	1,863	1,883
Province of Quebec 3.50% 12-01-2048	10,000	12	12
Province of Saskatchewan 2.15% 06-02-2031	240,000	240	242
Province of Saskatchewan 2.80% 12-02-2052	350,000	353	371
Total Provincial Governments		13,897	14,622
Municipal Governments			
City of Toronto 2.60% 09-24-2039	40,000	40	40
Total Municipal Governments		40	40
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	40,000	40	40
407 International Inc. 2.59% 05-25-2032	19,000	19	19
407 International Inc. 3.14% 03-06-2030	30,000	30	32
407 International Inc. 3.43% 06-01-2033	251,000	257	270
407 International Inc. 3.60% 05-21-2047	110,000	110	121
407 International Inc. 3.72% 05-11-2048	110,000	110	123
407 International Inc. 4.19% 04-25-2042	10,000	13	12
Access Justice Durham 5.015% 08-31-2039	316,170	325	380
AIMCo Realty Investors LP 2.195% 11-04-2026	46,000	46	46
AIMCo Realty Investors LP 2.712% 06-01-2029	120,000	122	123
Alectra Inc. 3.239% 11-21-2024	20,000	21	21
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	110,000	110	119
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	40,000	44	40
Algonquin Power Co. 2.85% 07-15-2031	94,000	94	95
Alimentation Couche-Tard Inc. 2.95% 01-25-2030	30,000	39	39
Allied Properties REIT 1.726% 02-12-2026	16,000	16	16
AltaGas Ltd. 2.166% 03-16-2027	30,000	30	30
AltaLink LP 1.509% 09-11-2030	30,000	30	28
AltaLink LP 2.978% 11-28-2022	30,000	31	31
AltaLink LP 3.717% 12-03-2046	53,000	53	60
ARC Resources Ltd. 2.354% 03-10-2026	52,000	52	52
ARC Resources Ltd. 3.465% 03-10-2031	52,000	52	53
Bank of Montreal 1.551% 05-28-2026	86,000	86	84
Bank of Montreal 1.928% 07-22-2031	78,000	78	77

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Bank of Montreal 2.37% 02-03-2025	33,000	33	34
Bank of Montreal 3.19% 03-01-2028	110,000	109	118
Bank of Montreal 4.30% 11-26-2025	57,000	57	59
BCI QuadReal Realty 1.056% 03-12-2024	27,000	27	27
BCI QuadReal Realty 1.073% 02-04-2026	41,000	41	40
BCI QuadReal Realty 1.747% 07-24-2030	40,000	40	38
BCIMC Realty Corp. 3.00% 03-31-2027	140,000	142	147
Bell Canada Inc. 1.65% 08-16-2027	10,000	10	10
Bell Canada Inc. 2.20% 05-29-2028	123,000	122	122
Bell Canada Inc. 2.90% 09-10-2029	124,000	124	127
Bell Canada Inc. 3.35% 03-12-2025	73,000	78	76
Bell Canada Inc. 3.50% 09-30-2050	10,000	10	10
Bell Canada Inc. 4.45% 02-27-2047	200,000	209	224
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	60,000	60	59
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	150,000	148	156
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	170,000	171	186
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	134,000	138	143
Brookfield Renewable Partners ULC 3.33% 08-13-2050	40,000	39	40
Brookfield Renewable Partners ULC 3.38% 01-15-2030	162,000	167	172
Brookfield Renewable Partners ULC 4.25% 01-15-2029	120,000	121	134
Brookfield Renewable Partners ULC 4.29% 11-05-2049	60,000	60	69
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	18,000	18	18
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 6.25% 09-15-2027	10,000	13	13
Bruce Power LP 2.68% 12-21-2028	47,000	47	48
Bruce Power LP 3.00% 06-21-2024	87,000	88	90
Bruce Power LP 4.00% 06-21-2030	23,000	26	25
Calgary Airport Authority 3.199% 10-07-2036	23,000	23	24
Canada Housing Trust No. 1 Floating Rate 03-15-2026	140,000	140	140
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	159,000	159	157
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	790,000	805	794
Canadian Imperial Bank of Commerce 3.30% 05-26-2025	230,000	230	243
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	57,000	57	56
Canadian Imperial Bank of Commerce 4.375% 10-28-2025	10,000	10	10
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	120,000	120	120
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	22,000	22	22
Canadian National Railway Co. 3.00% 02-08-2029	65,000	66	68

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian National Railway Co. 3.60% 07-31-2048	80,000	79	87
Canadian Natural Resources Ltd. 2.50% 01-17-2028	50,000	50	50
Canadian Natural Resources Ltd. 3.55% 06-03-2024	90,000	91	93
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	120,000	120	122
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	60,000	60	63
Canadian Western Bank 1.57% 09-14-2023	25,000	25	25
Canadian Western Bank 1.818% 12-16-2027	70,000	70	68
Canadian Western Bank 1.926% 04-16-2026	66,000	66	65
Canadian Western Bank 2.606% 01-30-2025	31,000	32	32
Canadian Western Bank 5.00% 07-31-2081	20,000	20	20
Canadian Western Bank Floating Rate 01-22-2024	102,000	102	102
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	12,000	12	12
Capital Power Corp. 3.147% 10-01-2032	50,000	50	49
Capital Power Corp. 4.284% 09-18-2024	116,000	116	123
Capital Power Corp. 4.424% 02-08-2030	50,000	50	55
Capital Power Corp. 4.986% 01-23-2026	50,000	50	55
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2025	10,000	10	10
CCL Industries Inc. 3.864% 04-13-2028	70,000	70	75
CDP Financial Inc. 1.50% 10-19-2026	130,000	130	130
Cenovus Energy Inc. 3.50% 02-07-2028	100,000	100	105
CGI Inc. 2.10% 09-18-2028	34,000	34	33
Chartwell Retirement Residences REIT 3.786% 12-11-2023	150,000	150	154
Chartwell Retirement Residences REIT 4.211% 04-28-2025	40,000	40	42
Choice Properties REIT 2.456% 11-30-2026	26,000	26	26
Choice Properties REIT 2.848% 05-21-2027	112,000	115	115
Choice Properties REIT 2.981% 03-04-2030	60,000	60	61
Choice Properties REIT 3.532% 06-11-2029	90,000	90	95
Choice Properties REIT 4.178% 03-08-2028	171,000	176	187
Cogeco Communications Inc. 2.991% 09-22-2031	72,000	72	72
Comber Wind Financial Corp. 5.132% 11-15-2030	154,975	155	170
Cordelio Amalco GP I 4.087% 06-30-2034 Series B	51,427	51	56
Cordelio Amalco GP I 4.087% 09-30-2034 Series A	50,471	50	55
Corus Entertainment Inc. 5.00% 05-11-2028	18,000	18	18
CPPIB Capital Inc. 1.95% 09-30-2029	110,000	110	111
Crombie REIT 2.686% 03-31-2028	30,000	30	30
Crombie REIT 3.133% 08-12-2031	31,000	31	31
Crombie REIT 3.211% 10-09-2030	49,000	49	49

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Crombie REIT 3.917% 06-21-2027	25,000	26	27
CU Inc. 4.085% 09-02-2044	50,000	56	59
Curaleaf Holdings Inc. 8.00% 12-15-2026	50,000	64	63
Dollarama Inc. 1.505% 09-20-2027	20,000	20	19
Dream Industrial REIT 1.662% 12-22-2025	51,000	51	50
Dream Industrial REIT 2.057% 06-17-2027	40,000	40	39
Dream Industrial REIT 2.539% 12-07-2026	35,000	35	35
Eagle Credit Card Trust 1.546% 06-17-2026	20,000	20	20
Empire Communities Corp. 7.375% 12-15-2025	10,000	10	10
Enbridge Gas Distribution Inc. 2.50% 08-05-2026	30,000	30	31
Enbridge Gas Inc. 2.37% 08-09-2029	30,000	30	30
Enbridge Gas Inc. 2.90% 04-01-2030	20,000	20	21
Enbridge Gas Inc. 3.01% 08-09-2049	30,000	30	30
Enbridge Gas Inc. 3.20% 09-15-2051	50,000	49	51
Enbridge Gas Inc. 3.65% 04-01-2050	40,000	42	44
Enbridge Inc. 2.44% 06-02-2025	40,000	40	41
Enbridge Inc. 2.99% 10-03-2029	60,000	60	61
Enbridge Inc. 3.10% 09-21-2033	103,000	103	102
Enbridge Inc. 5.375% 09-27-2077	480,000	481	508
Enbridge Inc. 6.625% 04-12-2078	140,000	141	159
Enbridge Pipelines Inc. 4.33% 02-22-2049	40,000	42	43
Energir Inc. 2.10% 04-16-2027	40,000	40	40
EPCOR Utilities Inc. 2.899% 05-19-2050	20,000	20	20
EPCOR Utilities Inc. 3.106% 07-08-2049	90,000	90	92
EPCOR Utilities Inc. 3.554% 11-27-2047	90,000	89	99
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	99,000	99	103
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029	180,000	180	193
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	51,000	51	50
Federation des Caisses Desjardins du Quebec 2.417% 10-04-2024	40,000	40	41
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	200,000	209	204
Ford Credit Canada Co. 2.961% 09-16-2026	26,000	26	25
Fortified Trust 1.964% 10-23-2026	111,000	111	111
Fortified Trust 2.34% 01-23-2023	240,000	247	243
GFL Environmental Inc. 3.50% 09-01-2028	10,000	13	12
Gibson Energy Inc. 3.60% 09-17-2029	50,000	50	53
Gibson Energy Inc. 5.25% 12-22-2030	15,000	15	15
Granite REIT Holdings LP 2.194% 08-30-2028	57,000	57	56

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Greater Toronto Airports Authority 2.73% 04-03-2029	50,000	51	52
H&R REIT 2.633% 02-19-2027	60,000	60	60
H&R REIT 2.906% 06-02-2026	20,000	20	20
H&R REIT 3.369% 01-30-2024	180,000	179	185
H&R REIT 3.416% 01-23-2023	70,000	71	71
H&R REIT 4.071% 06-16-2025	82,000	83	87
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	50,000	48	51
Honda Canada Finance Inc. 1.337% 03-17-2026	40,000	40	39
Honda Canada Finance Inc. 1.646% 02-25-2028	70,000	70	68
Honda Canada Finance Inc. Floating Rate 02-26-2024	60,000	60	60
Hydro One Inc. 1.41% 10-15-2027	50,000	50	48
Hydro One Inc. 1.69% 01-16-2031	20,000	20	19
Hydro One Inc. 2.23% 09-17-2031	95,000	95	94
Hydro One Inc. 3.10% 09-15-2051	20,000	19	20
Hyundai Capital Canada Inc. 2.008% 05-12-2026	39,000	39	39
Intact Financial Corp. 2.179% 05-18-2028	40,000	40	40
Intact Financial Corp. 4.125% 03-31-2081	21,000	21	21
Inter Pipeline Ltd. 2.734% 04-18-2024	260,000	263	264
Inter Pipeline Ltd. 3.173% 03-24-2025	58,000	59	59
Inter Pipeline Ltd. 3.484% 12-16-2026	231,000	239	239
Inter Pipeline Ltd. 4.232% 06-01-2027	70,000	74	75
Inter Pipeline Ltd. 6.625% 11-19-2079	60,000	60	64
Inter Pipeline Ltd. 6.875% 03-26-2079	30,000	30	32
Ivanhoe Cambridge II Inc. 2.296% 12-12-2024	40,000	40	41
John Deere Financial Inc. 1.63% 04-09-2026	18,000	18	18
Keyera Corp. 3.959% 05-29-2030	93,000	99	99
Keyera Corp. 5.95% 03-10-2081	43,000	43	44
Keyera Corp. 6.875% 06-13-2029	40,000	40	44
Kruger Products LP 5.375% 04-09-2029	10,000	10	10
Kruger Products LP 6.00% 04-24-2025	20,000	20	21
Laurentian Bank of Canada 1.15% 06-03-2024	45,000	45	44
Laurentian Bank of Canada 1.603% 05-06-2026	16,000	16	16
Liberty Utilities (Canada) LP 3.315% 02-14-2050	30,000	30	30
Loblaw Companies Ltd. 2.284% 05-07-2030	70,000	70	69
Lower Mattagami Energy LP 2.433% 05-14-2031	51,000	51	52
Lower Mattagami Energy LP 3.42% 06-20-2024	70,000	74	73
Manulife Bank of Canada 1.504% 06-25-2025	120,000	120	119

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Manulife Bank of Canada 1.536% 09-14-2026	78,000	78	76
Manulife Bank of Canada 2.378% 11-19-2024	35,000	35	36
Manulife Financial Corp. 2.237% 05-12-2030	180,000	184	182
Manulife Financial Corp. 3.049% 08-20-2029	180,000	180	186
Manulife Financial Corp. 3.317% 05-09-2028	50,000	50	51
Manulife Financial Corp. 4.10% 03-19-2082	57,000	57	56
MEG Energy Corp. 5.875% 02-01-2029	30,000	38	40
Morgan Stanley Floating Rate 03-21-2025	127,000	127	127
National Bank of Canada 1.534% 06-15-2026	46,000	46	45
National Bank of Canada 1.573% 08-18-2026	50,000	50	49
National Bank of Canada 2.237% 11-04-2026	65,000	65	66
National Bank of Canada 2.545% 07-12-2024	420,000	423	429
National Bank of Canada 2.58% 02-03-2025	135,000	136	138
National Bank of Canada 2.983% 03-04-2024	200,000	204	206
National Bank of Canada 4.05% 08-15-2081	60,000	60	59
NAV CANADA 2.063% 05-29-2030	30,000	30	30
North Battleford Power LP 4.958% 12-31-2032	59,293	59	67
North West Redwater Partnership 2.80% 06-01-2027	362,000	358	372
North West Redwater Partnership 3.70% 02-23-2043	70,000	69	73
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	165,000	165	166
Nouvelle Autoroute 30 Financement Inc. 4.114% 03-31-2042	69,933	70	77
Nova Scotia Power Inc. 3.571% 04-05-2049	40,000	40	43
OMERS Finance Trust 1.55% 04-21-2027	535,000	536	530
OMERS Finance Trust 2.60% 05-14-2029	100,000	100	104
OMERS Realty Corp. 3.244% 10-04-2027	267,000	267	283
OMERS Realty Corp. 3.628% 06-05-2030	110,000	110	121
Ontario Power Generation Inc. 2.893% 04-08-2025	40,000	40	41
Ontario Teachers' Finance Trust 1.10% 10-19-2027	30,000	30	29
Parkland Corp. of Canada 3.875% 06-16-2026	145,000	145	144
Parkland Corp. of Canada 4.375% 03-26-2029	10,000	10	10
Parkland Corp. of Canada 4.50% 10-01-2029	30,000	38	38
Parkland Corp. of Canada 6.00% 06-23-2028	80,000	80	85
Pembina Pipeline Corp. 3.31% 02-01-2030	20,000	22	21
Pembina Pipeline Corp. 3.53% 12-10-2031	41,000	41	42
Pembina Pipeline Corp. 3.54% 02-03-2025	9,000	9	9
Pembina Pipeline Corp. 3.62% 04-03-2029	80,000	81	84
Pembina Pipeline Corp. 4.02% 03-27-2028	180,000	188	194

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Pembina Pipeline Corp. 4.54% 04-03-2049	80,000	81	85
Pembina Pipeline Corp. 4.67% 05-28-2050	20,000	21	22
Pembina Pipeline Corp. 4.74% 01-21-2047	16,000	18	17
Pembina Pipeline Corp. 4.75% 03-26-2048	16,000	18	18
Pembina Pipeline Corp. 4.80% 01-25-2031	60,000	60	59
Pembina Pipeline Corp. 4.81% 03-25-2044	64,000	69	70
Prime Structured Mortgage Trust 1.856% 11-15-2024	70,000	70	70
PSP Capital Inc. 0.90% 06-15-2026	100,000	100	97
PSP Capital Inc. 2.05% 01-15-2030	261,000	262	264
Reliance LP 2.67% 08-01-2028	74,000	74	74
Reliance LP 2.68% 12-01-2027	40,000	40	40
RioCan REIT 2.829% 11-08-2028	23,000	23	23
Rogers Communication Inc. 5.00% 12-17-2081	126,000	126	128
Rogers Communications Inc. 3.25% 05-01-2029	96,000	98	99
Royal Bank of Canada 1.67% 01-28-2033	118,000	117	113
Royal Bank of Canada 1.833% 07-31-2028	125,000	125	122
Royal Bank of Canada 2.088% 06-30-2030	425,000	432	425
Royal Bank of Canada 2.14% 11-03-2031	95,000	95	94
Royal Bank of Canada 2.328% 01-28-2027	44,000	44	45
Royal Bank of Canada 2.88% 12-23-2029	50,000	50	51
Royal Bank of Canada 3.65% 11-24-2081	91,000	91	88
Royal Bank of Canada 4.00% 02-24-2081	113,000	113	116
Sagen MI Canada Inc. 3.261% 03-05-2031	41,000	41	42
Sagen MI Canada Inc. 4.95% 03-24-2081	34,000	34	34
Saputo Inc. 1.415% 06-19-2026	70,000	70	68
Saputo Inc. 2.242% 06-16-2027	45,000	45	45
Saputo Inc. 2.297% 06-22-2028	27,000	27	27
Saputo Inc. 2.876% 11-19-2024	30,000	30	31
Sea To Sky Highway Investment LP 2.629% 08-31-2030	48,799	51	49
Shaw Communications Inc. 2.90% 12-09-2030	87,000	88	86
Shaw Communications Inc. 3.80% 03-01-2027	120,000	126	127
Shaw Communications Inc. 4.40% 11-02-2028	110,000	110	121
Shaw Communications Inc. 6.75% 11-09-2039	30,000	42	40
Sienna Senior Living Inc. 2.82% 03-31-2027	18,000	18	18
Sienna Senior Living Inc. 3.109% 11-04-2024	25,000	25	26
Sienna Senior Living Inc. 3.45% 02-27-2026	20,000	20	21
SmartCentres REIT 3.192% 06-11-2027	30,000	30	31

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
SmartCentres REIT 3.526% 12-20-2029	97,000	99	101
SmartCentres REIT 3.834% 12-21-2027	28,000	30	30
Source Energy Services Ltd. 10.50% 03-15-2025	143,857	51	79
Spy Hill Power LP 4.14% 03-31-2036	64,607	64	71
Summit Industrial Income REIT 1.82% 04-01-2026	30,000	30	29
Summit Industrial Income REIT 2.25% 01-12-2027	27,000	27	27
Summit Industrial Income REIT 2.44% 07-14-2028	27,000	27	27
Sun Life Financial Inc. 2.06% 10-01-2035	70,000	70	67
Sun Life Financial Inc. 2.38% 08-13-2029	100,000	100	101
Sun Life Financial Inc. 2.58% 05-10-2032	260,000	266	265
Sun Life Financial Inc. 2.80% 11-21-2033	105,000	105	107
Sun Life Financial Inc. 3.60% 06-30-2081	63,000	63	62
Sun Life Financial Inc. Floating Rate 09-19-2028	150,000	150	154
Suncor Energy Inc. 3.10% 05-24-2029	140,000	142	144
Suncor Energy Inc. 3.95% 03-04-2051	40,000	40	40
Superior Plus LP 4.25% 05-18-2028	70,000	70	71
TELUS Corp. 2.05% 10-07-2030	70,000	69	66
TELUS Corp. 2.35% 01-27-2028	50,000	50	50
TELUS Corp. 2.85% 11-13-2031	59,000	59	59
TELUS Corp. 3.15% 02-19-2030	76,000	77	79
TELUS Corp. 3.30% 05-02-2029	60,000	60	63
TELUS Corp. 3.95% 02-16-2050	54,000	56	55
TELUS Corp. 4.85% 04-05-2044	66,000	80	76
The Bank of Nova Scotia 1.40% 11-01-2027	219,000	216	210
The Bank of Nova Scotia 2.16% 02-03-2025	151,000	154	153
The Bank of Nova Scotia 2.49% 09-23-2024	123,000	123	126
The Bank of Nova Scotia 3.70% 07-27-2081	113,000	113	111
The Bank of Nova Scotia Floating Rate 08-04-2026	115,000	115	115
The Empire Life Insurance Co. 3.625% 04-17-2026	26,000	26	26
The Independent Order of Foresters 2.885% 10-15-2035	40,000	40	40
The Toronto-Dominion Bank 1.888% 03-08-2028	230,000	230	226
The Toronto-Dominion Bank 1.896% 09-11-2028	139,000	139	136
The Toronto-Dominion Bank 1.943% 03-13-2025	110,000	110	111
The Toronto-Dominion Bank 2.85% 03-08-2024	171,000	174	176
The Toronto-Dominion Bank 3.06% 01-26-2032	20,000	21	21
The Toronto-Dominion Bank 3.105% 04-22-2030	238,000	248	246
The Toronto-Dominion Bank 3.60% 10-31-2081	72,000	72	70

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Thomson Reuters Corp. 2.239% 05-14-2025	80,000	80	81
TMX Group Ltd. 2.016% 02-12-2031	30,000	30	29
TMX Group Ltd. 2.997% 12-11-2024	170,000	176	176
TMX Group Ltd. 3.779% 06-05-2028	50,000	50	55
Toronto Hydro Corp. 2.47% 10-20-2031	42,000	42	43
Tourmaline Oil Corp. 2.077% 01-25-2028	14,000	14	14
Tourmaline Oil Corp. 2.529% 02-12-2029	29,000	29	29
Toyota Credit Canada Inc. 1.18% 02-23-2026	40,000	40	39
TransCanada PipeLines Ltd. 3.00% 09-18-2029	130,000	131	133
TransCanada PipeLines Ltd. 3.30% 07-17-2025	12,000	13	13
TransCanada PipeLines Ltd. 3.80% 04-05-2027	180,000	192	192
TransCanada PipeLines Ltd. 4.18% 07-03-2048	60,000	66	63
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	140,000	137	144
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	107,000	107	107
TransCanada Trust 4.20% 03-04-2081	109,000	109	107
Transcontinental Inc. 2.28% 07-13-2026	19,000	19	19
Trillium Windpower LP 5.803% 02-15-2033	58,292	58	69
Trulieve Cannabis Corp. 8.00% 10-06-2026	13,000	16	17
Ventas Canada Finance Ltd. 2.45% 01-04-2027	46,000	46	46
Ventas Canada Finance Ltd. 2.55% 03-15-2023	150,000	150	152
Ventas Canada Finance Ltd. 2.80% 04-12-2024	80,000	80	82
Ventas Canada Finance Ltd. 3.30% 12-01-2031	50,000	50	51
Videotron Ltd. 3.125% 01-15-2031	60,000	60	55
Videotron Ltd. 4.50% 01-15-2030	130,000	130	133
Videotron Ltd. 5.75% 01-15-2026	5,000	5	5
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	73,000	73	72
Waste Management of Canada Corp. 2.60% 09-23-2026	110,000	110	113
WSP Global Inc. 2.408% 04-19-2028	106,000	107	106
Total Corporate - Non-convertible		25,983	26,493
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	6,000	7	8
Total Corporate - Convertible		7	8

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	30,000	12	12
Creation Technologies Inc. Term Loan B 1st Lien 09-24-2028	49,000	61	62
Scotia Capital Inc. 0.89% 09-01-2026	48,000	46	46
Scotia Capital Inc. 1.25% 03-01-2025	90,000	73	72
The Bank of Nova Scotia 6.45% 01-01-2025	850,000	375	422
Total Mortgage Backed		567	614
Total Canadian Bonds		48,045	49,341
United States Bonds			
Federal Government			
United States Treasury 0.875% 11-15-2030	2,570,300	2,902	3,091
United States Treasury Inflation Index 0.25% 02-15-2050	261,000	399	429
United States Treasury Inflation Index 0.75% 07-15-2028	300,000	422	479
Total Federal Government		3,723	3,999
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	80,000	99	97
American Tower Corp. REIT 1.875% 10-15-2030	40,000	53	48
Ashton Woods USA LLC/Ashton Woods Finance Co. 4.625% 04-01-2030	5,000	6	6
AT&T Inc. 2.25% 02-01-2032	70,000	93	86
AT&T Inc. Floating Rate 03-25-2024	26,000	33	33
Athene Global Funding 2.10% 09-24-2025	70,000	70	70
Athene Global Funding Floating Rate 04-09-2024	125,000	125	125
Bank of America Corp. 1.978% 09-15-2027	59,000	59	58
Bank of America Corp. 2.598% 04-04-2029	75,000	75	76
Bank of America Corp. 3.407% 09-20-2025	101,000	101	105
Bank of America Corp. 3.515% 03-24-2026	40,000	40	42
Bank of America Corp. Floating Rate 09-15-2027	72,000	72	72
BCPE Cycle Merger Sub II Inc. 10.625% 07-15-2027	10,000	13	13
BWAY Holding Co. 7.25% 04-15-2025	40,000	53	51
Cascades Inc./Cascades USA Inc. 5.125% 01-15-2026	20,000	27	26
Charter Communications Operating LLC 2.80% 04-01-2031	40,000	56	50
Charter Communications Operating LLC 4.50% 02-01-2024	70,000	93	94
Charter Communications Operating LLC 5.05% 03-03-2029	130,000	177	189

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 2.30% 02-01-2032	50,000	65	60
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 3.50% 06-01-2041	20,000	25	25
Chevron Corp. 1.995% 05-11-2027	20,000	28	26
CommScope Finance LLC 8.25% 03-01-2027	20,000	27	26
ConocoPhillips 2.40% 02-15-2031	30,000	37	38
Costco Wholesale Corp. 1.375% 06-20-2027	100,000	141	126
DIRECTV Holdings LLC/DIRECTV Financing Co. 5.875% 08-15-2027	10,000	13	13
Exxon Mobil Corp. 2.61% 10-15-2030	50,000	69	66
Exxon Mobil Corp. 2.992% 03-19-2025	10,000	15	13
Ford Motor Co. 3.25% 02-12-2032	169,000	214	219
Foxtrot Escrow Issuer LLC/Foxtrot Escrow Corp. 12.25% 11-15-2026	28,000	36	40
Goldman Sachs Group Inc. Floating Rate 04-29-2025	148,000	148	148
Gray Escrow II Inc. 5.375% 11-15-2031	44,000	54	57
Hadrian Merger Sub Inc. 8.50% 05-01-2026	21,000	27	27
HCA Inc. 3.50% 09-01-2030	25,000	33	33
JPMorgan Chase & Co. 1.896% 03-05-2028	113,000	113	111
LABL Escrow Issuer LLC 10.50% 07-15-2027	19,000	25	25
LABL Escrow Issuer LLC 6.75% 07-15-2026	12,000	16	16
Mastercard Inc. 1.90% 03-15-2031	23,000	29	29
Mav Acquisition Corp. 5.75% 08-01-2028	20,000	25	25
McDonald's Corp. 3.125% 03-04-2025	170,000	170	177
MEG Energy Corp. 7.125% 02-01-2027	25,000	33	34
Morgan Stanley 3.00% 02-07-2024	100,000	100	103
Mozart Debt Merger Sub Inc. 3.875% 04-01-2029	87,000	110	110
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029	32,000	41	41
Nestle Holdings Inc. 2.192% 01-26-2029	56,000	56	57
Nexstar Escrow Inc. 5.625% 07-15-2027	11,000	15	15
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	35,000	42	44
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	80,000	112	101
Omega Healthcare Investors Inc. 4.50% 01-15-2025	50,000	64	68
PayPal Holdings Inc. 1.35% 06-01-2023	20,000	28	26
PayPal Holdings Inc. 2.30% 06-01-2030	30,000	42	39
PayPal Holdings Inc. 2.40% 10-01-2024	60,000	80	79
PayPal Holdings Inc. 2.65% 10-01-2026	60,000	79	80
Pearl Merger Sub Inc. 6.75% 10-01-2028	34,000	43	44
QVC Inc. 4.375% 09-01-2028	32,000	42	41

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	13,000	16	18
S&P Global Inc. 1.25% 08-15-2030	20,000	27	24
Silgan Holdings Inc. 4.125% 02-01-2028	10,000	13	13
Sinclair Television Group Inc. 5.125% 02-15-2027	10,000	12	12
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026	170,000	216	228
Target Corp. 2.25% 04-15-2025	30,000	42	39
Terex Corp. 5.00% 05-15-2029	13,000	16	17
Terraform Power Operating 5.00% 01-31-2028	20,000	26	27
The Clorox Co. 1.80% 05-15-2030	40,000	56	49
The Estee Lauder Companies Inc. 1.95% 03-15-2031	38,000	48	48
The Goldman Sachs Group Inc. 2.013% 02-28-2028	114,000	114	111
The Goldman Sachs Group Inc. 2.599% 11-30-2027	104,000	104	105
The Walt Disney Co. 3.057% 03-30-2027	86,000	91	89
T-Mobile USA Inc. 1.50% 02-15-2026	20,000	24	25
T-Mobile USA Inc. 2.25% 11-15-2031	20,000	24	25
T-Mobile USA Inc. 2.55% 02-15-2031	30,000	36	38
T-Mobile USA Inc. 3.50% 04-15-2025	30,000	36	40
T-Mobile USA Inc. 3.75% 04-15-2027	150,000	181	206
Univision Communications Inc. 4.50% 05-01-2029	12,000	15	15
Ventas Realty LP 4.00% 03-01-2028	60,000	74	84
Verizon Communications Inc. 1.75% 01-20-2031	90,000	117	108
Verizon Communications Inc. 2.375% 03-22-2028	147,000	147	147
Verizon Communications Inc. 2.50% 05-16-2030	100,000	102	99
Verizon Communications Inc. 2.55% 03-21-2031	43,000	53	55
Verizon Communications Inc. 3.55% 03-22-2051	10,000	12	14
Verizon Communications Inc. Floating Rate 03-20-2026	29,000	36	37
Walgreens Boots Alliance Inc. 3.20% 04-15-2030	40,000	56	54
Wells Fargo & Co. 2.493% 02-18-2027	160,000	161	162
Wells Fargo & Co. 2.568% 05-01-2025	120,000	122	122
Wells Fargo & Co. 2.975% 05-19-2026	242,000	249	250
Wells Fargo & Co. 3.90% 03-15-2026	16,000	20	21
Welltower Inc. 4.125% 03-15-2029	60,000	79	85
Welltower Inc. 4.25% 04-15-2028	60,000	78	85
Total Corporate - Non-convertible		5,845	5,875

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United States Bonds (continued)			
Mortgage Backed			
A&V Holdings Midco LLC Term Loan 1st Lien 02-28-2027	28,101	33	36
ABG Intermediate Holdings 2 LLC Term Loan 1st Lien 09-29-2024	57,295	73	72
ADS Tactical Inc. Term Loan 1st Lien 03-04-2028	39,000	48	50
Adtalem Global Education Inc. Term Loan B 1st Lien 02-12-2028	100,000	123	127
Advantage Sales & Marketing Inc. Term Loan B 1st Lien 10-28-2027	29,775	38	38
Aegis Toxicology Science Corp. Term Loan B 1st Lien 05-09-2025	7,212	9	9
Alcami Carolinas Corp. Term Loan 1st Lien 07-06-2025	19,400	25	23
Alchemy US Holdco 1 LLC Term Loan B 1st Lien 10-01-2025	16,493	21	21
Alpine US Bidco LLC Term Loan 1st Lien 04-13-2021	32,918	40	42
Amentum Government Services Holdings LLC Term Loan B 1st Lien 01-31-2027	39,800	52	50
AP Core Holdings II LLC Term Loan 1st Lien 07-21-2027	49,000	61	62
APFS Staffing Holdings Inc. Term Loan 1st Lien 04-10-2026	13,421	18	17
APM Global Holdings Pty Ltd. Term Loan 1st Lien 06-30-2026	21,264	26	27
Arc Falcon I Inc. Term Loan 1st Lien 09-22-2028	44,503	57	56
Arc Falcon I Inc. Term Loan Delayed Draw 1st Lien 09-22-2028	6,497	8	8
Ascend Performance Materials Operations Term Loan B 1st Lien 08-16-2026	29,403	38	37
Ascend Wellness Holdings Inc. Term Loan 1st Lien 08-27-2025	29,000	36	36
Astra Acquisition Corp. Term Loan B 1st Lien 10-22-2028	45,000	54	56
Ball Metalpack Finco Term Loan B 1st Lien 07-26-2025	19,350	25	25
CareCentrix Inc. Term Loan B 1st Lien 04-02-2025	54,394	70	69
Castle US Holding Corp. Term Loan B 1st Lien 01-31-2027	37,842	46	48
CCS-CMGC Holdings Inc. Term Loan 1st Lien 09-25-2025	19,450	25	24
Citadel Securities LP Term Loan B 1st Lien 02-27-2028	237,240	304	298
Cowen Inc. Term Loan B 1st Lien 03-12-2028	39,700	49	50
Crown Subsea Communications Holding Inc. Term Loan 1st Lien 04-20-2027	26,445	33	34
DEI Sales Inc. Term Loan B 1st Lien 04-23-2028	42,731	52	54
DIRECTV Financing LLC Term Loan 1st Lien 07-22-2027	70,000	87	89
Domtar Corp. Term Loan B 1st Lien 10-01-2028	20,323	25	25
Domtar Corp. Term Loan B Delayed Draw 1st Lien 10-01-2028	9,677	12	12
Dotdash Meredith Inc. Term Loan B 1st Lien 11-23-2028	58,000	73	74
Flynn America LP Term Loan B 1st Lien 07-23-2028	40,000	49	49
Frontier Communications Corp. Term Loan DIP B 1st Lien 10-08-2027	29,850	37	38
Gannett Holdings LLC Term Loan B 1st Lien 02-08-2026	27,564	35	35
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (EUR shares)	30,000	45	43
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (USD shares)	30,000	38	38
Gateway Merger Sub 2021 Inc. Term Loan 1st Lien 06-25-2028	44,000	54	56

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Mortgage Backed (continued)			
Grab Holdings Inc. Term Loan B 1st Lien 01-29-2026	49,750	61	63
Gray Television Inc. Term Loan D 1st Lien 10-27-2028	160,000	197	202
Heritage Power LLC Term Loan B 1st Lien 07-08-2026	28,996	37	30
Hudson River Trading LLC Term Loan B 1st Lien 02-18-2027	59,700	75	75
INEOS Enterprises Holdings US Finco LLC Term Loan B 1st Lien 07-29-2026	16,108	21	20
INEOS US Petrochem LLC Term Loan B 1st Lien 01-21-2026	29,925	38	38
Ingram Micro Inc. Term Loan B 1st Lien 04-01-2028	49,875	62	63
Integro Insurance Brokers Ltd. Term Loan B 1st Lien 10-09-2022	45,024	56	55
Intermediate Dutch Term Loan B 1st Lien 02-05-2028	29,850	38	38
ION Trading Finance Ltd. Term Loan B 1st Lien 03-26-2028	29,925	38	38
Isagenix International LLC Term Loan B 1st Lien 04-26-2025	30,312	31	29
Jadex Inc. Term Loan 1st Lien 02-12-2028	49,302	62	62
Jane Street Group LLC Term Loan B 1st Lien 01-21-2027	29,775	38	37
Jazz Financing Lux Sarl Term Loan B 1st Lien 04-22-2028	75,810	94	96
Journey Personal Care Corp. Term Loan 1st Lien 02-19-2028	29,925	38	38
Keane Group Holdings LLC Term Loan B 1st Lien 05-18-2025	19,350	25	24
Kestrel Bidco Inc. Term Loan 1st Lien 10-08-2026	20,533	27	25
Knight Health Holdings LLC Term Loan B 1st Lien 12-17-2028	38,000	46	45
Kronos Acquisition Holdings Inc. Term Loan B 1st Lien 12-22-2026	29,775	38	37
LABL Inc. Term Loan B 1st Lien 10-22-2028	16,000	19	20
LogMeIn Inc. Term Loan B 1st Lien 08-14-2027	39,700	51	50
LTR Intermediate Holdings Inc. Term Loan B 1st Lien 04-23-2028	36,908	46	47
Magenta Buyer LLC Term Loan 1st Lien 05-03-2028	65,835	80	83
Mav Acquisition Corp. Term Loan B 1st Lien 07-21-2028	53,000	66	67
McKissock Investment Holdings LLC Term Loan B 1st Lien 06-17-2028	30,923	38	39
Mozart Borrower LP Term Loan B 1st Lien 09-30-2028	62,000	78	78
Murphy USA Inc. Term Loan B 1st Lien 01-29-2028	19,900	25	25
New Frontera Holdings LLC Term Loan 1st Lien 07-28-2026	1,894	2	3
New Frontera Holdings LLC Term Loan 2nd Lien 07-28-2028	1,825	1	1
New Insight Holdings Inc. Term Loan B 1st Lien 12-08-2024	16,968	21	21
OneDigital Borrower LLC Term Loan B 1st Lien 10-30-2027	49,758	60	63
Organon & Co. Term Loan B 1st Lien 04-08-2028	57,850	72	73
Osmosis Debt Merger Sub Inc. Term Loan B 1st Lien 06-17-2028	29,333	36	37
Osmosis Debt Merger Sub Inc. Term Loan Delayed Draw 1st Lien 06-17-2028	3,667	5	5
Plaze Inc. Term Loan B 1st Lien 08-03-2026	29,701	38	37
Pluto Acquisition I Inc. Term Loan B 1st Lien 06-20-2026	37,905	46	48
Project Sky Merger Sub Inc. Term Loan B 1st Lien 08-10-2028	46,000	57	58

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Mortgage Backed (continued)			
RH Term Loan B 1st Lien 10-15-2028	218,000	268	275
Sigma Bidco BV Term Loan B 1st Lien 03-07-2025	18,000	29	25
Signal Parent Inc. Term Loan B 1st Lien 04-01-2028	29,925	37	37
SIRVA Worldwide Inc. Term Loan 1st Lien 08-02-2025	15,592	20	18
Sorenson Communications LLC Term Loan B 1st Lien 03-12-2026	28,500	35	36
Spa US HoldCo Inc. Term Loan B 1st Lien 03-12-2028	39,800	49	51
Specialty Pharma III Inc. Term Loan 1st Lien 02-24-2028	30,000	37	38
SS&C Technologies Holdings Inc. Term Loan B5 1st Lien 04-16-2025	19,105	25	24
Stitch Acquisition Corp. Term Loan B 1st Lien 07-27-2028	36,000	42	43
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	73,000	92	92
Sycamore Buyer LLC Term Loan B 1st Lien 09-24-2028	61,000	77	77
Sylvamo Corp. Term Loan B 1st Lien 08-20-2028	32,489	41	41
Terrier Media Buyer Term Loan B 1st Lien 12-17-2026	89,477	113	113
The Cook & Boardman Group LLC Term Loan 1st Lien 10-12-2025	9,700	13	12
Thor Industries Inc. Term Loan B 1st Lien 02-01-2026	13,274	17	17
Titan Sub LLC Term Loan B 1st Lien 09-19-2026	19,650	26	25
Tory Burch LLC Term Loan B 1st Lien 04-15-2028	52,868	66	67
Triton Water Holdings Inc. Term Loan B 1st Lien 03-31-2028	29,925	37	38
Ultra Clean Holdings Inc. Term Loan 1st Lien 08-27-2025	38,783	49	49
Univision Communications Inc. Term Loan B 1st Lien 05-07-2028	71,000	85	90
Veregy Term Loan 1st Lien 11-03-2027	29,775	38	38
VeriFone Systems Inc. Term Loan 1st Lien 08-10-2025	19,400	25	24
Vertex Aerospace Services Corp. Term Loan B 1st Lien 10-27-2028	27,000	34	34
WildBrain Ltd. Term Loan B 1st Lien 03-18-2028	39,800	49	50
WireCo WorldGroup Inc. Term Loan B 1st Lien 10-29-2028	31,000	38	39
Xperi Holding Corp. Term Loan B 1st Lien 06-01-2025	32,273	40	41
Zotec Partners LLC Term Loan B 1st Lien 02-09-2024	16,906	21	21
Total Mortgage Backed		4,985	5,013
Total United States Bonds		14,553	14,887
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	170,000	172	188

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds (continued)			
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	40,000	50	49
Bahamas			
Commonwealth of Bahamas 5.75% 01-16-2024	90,000	111	109
Commonwealth of Bahamas 6.95% 11-20-2029	30,000	45	33
Commonwealth of Bahamas 8.95% 10-15-2032	200,000	259	234
Ireland			
ION Trading Finance Ltd. Term Loan B 1st Lien 04-01-2028	29,925	44	43
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	31,000	39	39
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	78,000	78	78
Heathrow Funding Ltd. 3.25% 05-21-2025	150,000	154	155
Heathrow Funding Ltd. 3.40% 03-08-2028	120,000	120	125
Heathrow Funding Ltd. 3.726% 04-13-2033	75,000	76	78
Heathrow Funding Ltd. 3.782% 09-04-2032	90,000	90	96
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	60,000	60	64
LSF10 XL Bidco SCA Term Loan B 1st Lien 03-30-2028	30,000	44	43
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien 10-22-2028	50,000	61	63
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	19,000	24	24
Teva Pharmaceuticals NE 2.80% 07-21-2023	15,000	17	19
United Kingdom			
BP Capital Markets PLC 3.47% 05-15-2025	90,000	90	95
Connect Finco SARL/Connect U.S. Finco LLC 6.75% 10-01-2026	20,000	27	27
INEOS 226 Ltd. Term Loan B 1st Lien 01-21-2026	20,000	31	29
National Grid Electricity Transmission PLC 2.301% 06-22-2029	84,000	84	83

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Bonds (continued)			
Venezuela			
Petroleos de Venezuela SA 6.00% 05-16-2024	60,000	19	3
Total Global Bonds		1,695	1,677
Total Bonds		64,293	65,905
Canadian Common Stock			
Communication Services			
Cogeco Communications Inc. sub. voting	2,218	226	223
Rogers Communications Inc. Class B non-voting	4,020	239	242
TELUS Corp.	13,550	324	405
TELUS International Inc.	5,137	190	215
Consumer Discretionary			
Dollarama Inc.	3,454	179	219
Magna International Inc.	1,415	139	145
Restaurant Brands International Inc.	4,366	359	335
Consumer Staples			
Alimentation Couche-Tard Inc.	5,137	210	272
Loblaw Companies Ltd.	759	47	79
Energy			
ARC Resources Ltd.	14,909	121	171
Canadian Natural Resources Ltd.	3,305	125	177
Enbridge Inc. [CAD]	6,921	319	342
Pembina Pipeline Corp.	3,546	156	136
Source Energy Services Ltd.	7,676	11	12
Suncor Energy Inc.	15,596	516	494
TC Energy Corp.	7,238	411	426
Exchange Traded Funds			
iShares S&P/TSX Global Gold Index ETF	8,250	156	151
Financials			
Bank of Montreal	3,390	278	462
Brookfield Asset Management Inc.	5,745	272	439

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Financials (continued)			
Intact Financial Corp.	3,326	452	547
Manulife Financial Corp.	22,500	497	542
Royal Bank of Canada	10,053	845	1,350
Sun Life Financial Inc.	10,481	611	738
The Bank of Nova Scotia	7,730	480	692
The Toronto-Dominion Bank	9,270	485	899
TMX Group Ltd.	908	118	116
Industrials			
CAE Inc.	5,066	152	162
Canadian National Railway Co.	2,866	348	445
Canadian Pacific Railway Ltd.	6,937	556	631
Cargojet Inc.	599	110	100
Finning International Inc.	2,515	62	80
Information Technology			
CGI Group Inc. Class A sub. voting	2,926	295	327
Open Text Corp.	8,300	420	498
Materials			
Agnico Eagle Mines Ltd.	3,787	300	254
Barrick Gold Corp.	8,225	237	198
CCL Industries Inc. Class B non-voting	3,568	204	242
Nutrien Ltd. [CAD]	4,200	261	399
Teck Resources Ltd. Class B	5,011	135	183
Real Estate			
Allied Properties REIT	1,484	57	65
Choice Properties REIT	5,790	74	88
First Capital REIT	5,483	98	103
Utilities			
Algonquin Power & Utilities Corp.	6,362	118	116
Boralex Inc. Class A	1,930	71	67
Canadian Utilities Ltd. Class A non-voting	1,826	58	67
Emera Inc.	934	47	59
Fortis Inc.	1,929	86	118

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Utilities (continued)			
Northland Power Inc.	2,350	90	89
Total Canadian Common Stock		11,545	14,120
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	472	7	10
BCE Inc. 3.61% Preferred	828	13	17
BCE Inc. 4.13% Preferred	71	1	1
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	214	6	6
Energy			
AltaGas Ltd. 5.00% Preferred	4,870	122	123
TC Energy Corp. 4.90% Preferred	7,783	195	199
TransAlta Corp. 4.027% Preferred	160	3	3
Financials			
Brookfield Asset Management Inc. 4.75% Preferred	1,886	47	49
Brookfield Asset Management Inc. Preferred Conv. Series 46	451	11	11
Utilities			
Emera Inc. 4.25% Preferred	76	2	2
Emera Inc. 4.60% Preferred	570	14	14
TransAlta Corp. 2.709% Preferred	8,213	108	132
Total Canadian Preferred Stock		529	567
United States Common Stock			
Communication Services			
Alphabet Inc. Class A	80	235	293
Meta Platforms Inc.	480	194	204
The Walt Disney Co.	525	76	103

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Consumer Discretionary			
Domino's Pizza Inc.	119	81	85
McDonald's Corp.	414	49	140
Nike Inc. Class B	357	31	75
Starbucks Corp.	830	69	123
Consumer Staples			
Altria Group Inc.	3,716	215	223
PepsiCo Inc.	677	123	149
Philip Morris International Inc.	2,721	272	327
The Coca-Cola Co.	3,509	232	263
Energy			
Chevron Corp.	2,041	274	303
Marathon Petroleum Corp.	3,343	209	271
Financials			
Bank of America Corp.	4,910	251	276
CME Group Inc.	860	116	249
JPMorgan Chase & Co.	2,282	286	457
Moody's Corp.	168	26	83
S&P Global Inc.	425	186	254
The Blackstone Group Inc.	1,883	132	308
US Bancorp	3,682	257	262
Health Care			
AbbVie Inc.	1,800	240	308
Becton, Dickinson and Co.	798	142	254
Johnson & Johnson Inc.	1,361	175	295
Industrials			
Emerson Electric Co.	1,525	116	179
Equifax Inc.	570	80	211
Honeywell International Inc.	860	108	227
Stanley Black & Decker Inc.	650	167	155
Union Pacific Corp.	660	178	210

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology			
Analog Devices Inc.	501	112	111
Apple Inc.	1,470	59	330
Broadcom Inc.	310	74	261
Lam Research Corp.	155	130	141
Microsoft Corp.	1,730	176	736
Motorola Solutions Inc.	701	155	241
Texas Instruments Inc.	775	116	185
Visa Inc. Class A	805	93	221
Materials			
Corteva Inc.	3,330	136	199
The Sherwin-Williams Co.	359	53	160
Real Estate			
Crown Castle International Corp.	781	169	206
Total United States Common Stock		5,793	9,078
Global Common Stock			
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A	45	3	4
Brookfield Infrastructure Partners LP Partnership Units	980	70	75
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	4,984	125	127
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	382	9	10
Cayman Islands			
Tencent Holdings Ltd.	1,885	113	140
Denmark			
Novo Nordisk AS	1,388	78	196
France			
Air Liquide SA	705	102	156
LVMH Moet Hennessy Louis Vuitton SE	125	90	131
Pernod Ricard SA *	304	43	93
Safran SA	1,078	128	167

*The issuer of this security is a related company to the issuer of the Fund.

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Germany			
Deutsche Boerse AG	1,198	148	254
Hannover Rueck SE	940	201	226
SAP SE	1,113	126	201
Vonovia SE	3,105	212	217
Hong Kong			
AIA Group Ltd.	8,695	97	111
Hong Kong Exchanges and Clearing Ltd.	1,755	81	130
Ireland			
Aon Corp.	666	194	253
Linde PLC [USD]	355	85	156
Medtronic Co. PLC	1,236	179	162
Japan			
Japan Exchange Group Inc.	4,645	103	129
Keyence Corp.	175	63	139
Otsuka Corp.	1,915	92	116
Sony Group Corp.	1,835	142	293
Luxembourg			
Eurofins Scientific SE	681	40	107
Netherlands			
Heineken Holdings NV	952	99	111
Koninklijke Philips NV	2,476	120	116
Wolters Kluwer NV	1,375	139	204
Singapore			
DBS Group Holdings Ltd.	5,310	158	163
Spain			
Amadeus IT Group SA	2,261	197	192
Sweden			
Atlas Copco AB Class A	1,201	46	105

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Switzerland			
Nestle SA	1,614	158	285
Roche Holding AG Genusscheine	550	191	288
Sika AG	237	49	124
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd.	7,995	102	225
United Kingdom			
Diageo PLC	2,890	117	200
Glencore Xstrata PLC	42,451	216	272
Total Global Common Stock		4,116	5,878
Total Stocks		21,983	29,641

Income Fund 6.06M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.8119	February 11, 2022	United States Dollar	1,708	Canadian Dollar	1,663	45
0.8060	February 18, 2022	United States Dollar	1,050	Canadian Dollar	1,030	20
Derivatives - Assets						65
1.2597	January 14, 2022	Canadian Dollar	308	United States Dollar	309	(1)
1.2598	January 14, 2022	Canadian Dollar	2,476	United States Dollar	2,484	(8)
1.4390	January 21, 2022	Canadian Dollar	95	Euro	95	-
1.4268	January 21, 2022	Canadian Dollar	62	Euro	62	-
1.2589	January 21, 2022	Canadian Dollar	428	United States Dollar	429	(2)
1.2548	January 28, 2022	Canadian Dollar	1,639	United States Dollar	1,649	(10)
1.2546	January 28, 2022	Canadian Dollar	3,593	United States Dollar	3,616	(23)
1.2412	February 11, 2022	Canadian Dollar	895	United States Dollar	908	(14)
1.2328	February 11, 2022	Canadian Dollar	780	United States Dollar	796	(16)
1.4329	February 18, 2022	Canadian Dollar	107	Euro	107	(1)
1.2569	February 18, 2022	Canadian Dollar	1,447	United States Dollar	1,454	(7)
1.2355	February 18, 2022	Canadian Dollar	1,363	United States Dollar	1,388	(26)
1.2359	February 18, 2022	Canadian Dollar	6,060	United States Dollar	6,173	(113)
1.2586	March 18, 2022	Canadian Dollar	310	United States Dollar	312	(1)
1.2587	March 18, 2022	Canadian Dollar	363	United States Dollar	364	(1)
Derivatives - Liabilities						(222)
Total Forward Currency Contracts						(157)

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(11)	CAD 193.16	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 2,168	CAD 197.13	(22)
Derivatives - Liabilities						(22)
Total Futures Contracts						(22)

Total Derivative Instruments at Fair Value

(179)

Transaction Costs (see notes to financial statements (note 2))

(10)

Total Investments

86,266

95,367

Income Fund 6.06M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Income Fund 6.06M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Income Fund 6.06M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 10,123	\$ (165)	\$ 9,958	\$ 99
Euro	2,174	(1)	2,173	22
Other Currencies	2,916	—	2,916	29
Total	\$ 15,213	\$ (166)	\$ 15,047	\$ 150
As Percent of Net Assets Attributable to Contractholders			15.7%	0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,805	\$ 110	\$ 6,915	\$ 69
Euro	2,164	—	2,164	22
Other Currencies	3,027	4	3,031	30
Total	\$ 11,996	\$ 114	\$ 12,110	\$ 121
As Percent of Net Assets Attributable to Contractholders			14.5%	0.1%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

Income Fund 6.06M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 296	\$ 18,237	\$ 30,467	\$ 16,905	\$ 65,905

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 40	\$ 15,136	\$ 27,333	\$ 12,961	\$ 55,470

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$5,156 (\$4,519 at December 31, 2020) or approximately 5.4% (5.4% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Income Fund 6.06M
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

E. Credit Risk (continued)

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	16.8	11.6	12.4	8.1
AA	15.7	10.8	27.2	18.0
A	23.7	16.3	21.3	14.1
BBB	30.7	21.1	30.2	20.0
BB and lower	12.4	8.5	8.6	5.7
NR *	0.7	0.5	0.3	0.2
Total	100.0	68.8	100.0	66.1

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$296 (\$253 at December 31, 2020) or approximately 0.3% (0.3% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Income Fund 6.06M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

		2021			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 65,861	\$ 44	\$ 65,905	
Stocks	26,651	2,990	—	29,641	
Derivatives	—	65	—	65	
Total assets measured at fair value	\$ 26,651	\$ 68,916	\$ 44	\$ 95,611	
<u>Liabilities measured at fair value</u>					
Derivatives ⁽¹⁾	\$ 22	\$ 222	\$ —	\$ 244	
Net assets attributable to contractholders measured at fair value	\$ 26,629	\$ 68,694	\$ 44	\$ 95,367	

⁽¹⁾ Excludes collateral pledged to counterparties of \$211.

		2020			
		Assets and Liabilities Measured at Fair Value			
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 55,470	\$ —	\$ 55,470	
Stocks	20,316	4,990	—	25,306	
Derivatives	—	484	—	484	
Total assets measured at fair value	\$ 20,316	\$ 60,944	\$ —	\$ 81,260	
<u>Liabilities measured at fair value</u>					
Derivatives	\$ —	\$ 172	\$ —	\$ 172	
Net assets attributable to contractholders measured at fair value	\$ 20,316	\$ 60,772	\$ —	\$ 81,088	

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Income Fund 6.06M
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

G. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021	2020
	Bonds	Bonds
Balance, beginning of year	\$ —	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	—	—
Purchases	36	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	8	—
Transfers out of Level 3	—	—
Balance, end of year	\$ 44	\$ —
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ —

Income Fund 6.06M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	181	197	200	699	710	118	123	114	358	365
Individual No-Load (IA)	24,181	24,828	28,911	34,791	43,880	15,191	15,125	16,549	18,225	23,595
Individual Back-End Load (IB)	22,630	22,122	25,941	30,232	36,986	14,930	14,152	15,594	16,632	20,901
Managed Money (IC)	6,287	8,450	9,225	10,052	12,689	4,016	5,179	5,257	5,187	6,651
75/75 guarantee policy	705,112	554,866	604,848	618,530	496,618	12,767	9,742	9,979	9,339	7,702
75/100 guarantee policy	522,568	595,527	584,297	534,854	345,321	9,402	10,396	9,589	8,038	5,333
100/100 guarantee policy	23,620	23,473	26,096	27,142	24,618	422	408	426	406	379
PS1 75/75 guarantee policy	1,096,155	671,571	668,152	678,174	612,923	17,139	10,163	9,483	8,792	8,145
PS1 75/100 guarantee policy	359,619	170,261	196,753	222,681	228,396	5,593	2,564	2,781	2,876	3,026
PS1 100/100 guarantee policy	18,893	15,723	18,518	15,896	13,257	290	234	259	203	174
PS2 75/75 guarantee policy	280,172	196,114	196,183	172,131	132,274	5,336	3,542	3,255	2,556	1,972
PS2 75/100 guarantee policy	348,172	420,127	379,604	402,583	396,181	6,632	7,587	6,299	5,978	5,907
PS2 100/100 guarantee policy	2,508	—	—	—	—	48	—	—	—	—
PS 75/75 guarantee policy	27,093	26,179	33,986	—	—	327	303	366	—	—
PS 75/100 guarantee policy	266,996	319,566	323,818	14,833	—	3,222	3,700	3,486	144	—
PPS 75/75 guarantee policy	16,980	30,513	733	—	—	207	355	8	—	—
PPS 75/100 guarantee policy	17,422	14,274	—	—	—	212	166	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	656.27	622.45	572.09	512.10	514.35	33.82	50.36
Individual No-Load (IA)	628.21	609.17	572.41	523.84	537.72	19.04	36.76
Individual Back-End Load (IB)	659.74	639.74	601.14	550.14	565.10	20.00	38.60
Managed Money (IC)	638.77	612.90	569.87	516.04	524.19	25.87	43.03
75/75 guarantee policy	18.11	17.56	16.50	15.10	15.51	0.55	1.06
75/100 guarantee policy	17.99	17.46	16.41	15.03	15.45	0.53	1.05
100/100 guarantee policy	17.89	17.36	16.33	14.97	15.39	0.53	1.03
PS1 75/75 guarantee policy	15.64	15.13	14.19	12.96	13.29	0.51	0.94
PS1 75/100 guarantee policy	15.55	15.06	14.13	12.92	13.25	0.49	0.93
PS1 100/100 guarantee policy	15.37	14.89	13.98	12.78	13.12	0.48	0.91
PS2 75/75 guarantee policy	19.05	18.06	16.59	14.85	14.91	0.99	1.47
PS2 75/100 guarantee policy	19.05	18.06	16.59	14.85	14.91	0.99	1.47
PS2 100/100 guarantee policy	19.05	—	—	—	—	0.99	—
PS 75/75 guarantee policy	12.09	11.59	10.77	—	—	0.50	0.82
PS 75/100 guarantee policy	12.07	11.58	10.76	9.75	—	0.49	0.82
PPS 75/75 guarantee policy	12.17	11.65	10.80	—	—	0.52	0.85
PPS 75/100 guarantee policy	12.14	11.63	—	—	—	0.51	0.84

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Income Fund 6.06M

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMMITMENTS

The Fund enters into certain agreements that provide borrowers with a short-term loan to meet any immediate obligation until longer term financing can be made. If the borrower chooses not to borrow on this agreement then the Fund is compensated with a commitment fee. The loan arrangement and related fees earned on these agreements were not significant during 2021 or 2020.

10. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Income Fund 6.06M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.24	2.25	2.25	2.29	2.53
Individual Back-End Load (IB)	2.24	2.25	2.25	2.28	2.31
Managed Money (IC)	1.19	1.19	1.19	1.20	1.30
75/75 guarantee policy	2.24	2.25	2.25	2.27	2.30
75/100 guarantee policy	2.30	2.30	2.30	2.33	2.36
100/100 guarantee policy	2.36	2.36	2.36	2.39	2.40
PS1 75/75 guarantee policy	2.05	2.06	2.06	2.07	2.06
PS1 75/100 guarantee policy	2.10	2.11	2.12	2.12	2.11
PS1 100/100 guarantee policy	2.17	2.17	2.17	2.22	2.28
PS 75/75 guarantee policy	1.13	1.13	1.13	—	—
PS 75/100 guarantee policy	1.19	1.19	1.19	1.19	—
PPS 75/75 guarantee policy	0.95	0.94	0.94	—	—
PPS 75/100 guarantee policy	1.00	0.98	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	65.83	82.90	86.84	83.76	107.91

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GROWTH & INCOME FUND 6.05M

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth & Income Fund 6.05M (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth & Income Fund 6.05M

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 31	\$ 33
Investment income due and accrued	68	61
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	47	—
Due from outside parties	2	3
Investments		
Bonds	6,628	7,659
Stocks	27,707	26,565
Investment fund units	—	—
Derivatives (note 7)	4	138
Total investments	34,339	34,362
Total assets	\$ 34,487	\$ 34,459
Liabilities		
Overdrafts	\$ 10	\$ —
Due to The Canada Life Assurance Company (note 8)	11	23
Due to brokers	12	2
Due to outside parties	—	—
Derivatives (note 7)	32	2
Total liabilities excluding net assets attributable to contractholders	65	27
Net assets attributable to contractholders	\$ 34,422	\$ 34,432

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 5,703	\$ (95)
Miscellaneous income (loss)	11	6
Total income	5,714	(89)
Expenses		
Management fees (note 8)	750	793
Transaction costs	12	32
Withholding taxes	19	33
Other	70	74
Total expenses	851	932
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 4,863	\$ (1,021)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 34,432	\$ 43,592
Contractholder deposits	542	1,014
Contractholder withdrawals	(5,415)	(9,153)
Increase (decrease) in net assets from operations attributable to contractholders	4,863	(1,021)
Change in net assets attributable to contractholders	(10)	(9,160)
Net assets attributable to contractholders - end of year	\$ 34,422	\$ 34,432

Growth & Income Fund 6.05M

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 10)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 4,863	\$ (1,021)
Adjustments		
Add back amortization of premium (discount)	(13)	(7)
Realized (gains) losses	(1,866)	661
Unrealized (gains) losses	(2,973)	348
Gross proceeds of disposition of investments	17,192	37,572
Gross payments for the purchase of investments	(12,287)	(30,138)
Change in investment income due and accrued	(7)	23
Change in due from/to The Canada Life Assurance Company	(12)	10
Change in due from/to brokers	(37)	22
Change in due from/to outside parties	1	—
	<u>4,861</u>	<u>7,470</u>
Financing Activities		
Contractholder deposits	542	1,014
Contractholder withdrawals	(5,415)	(9,153)
	<u>(4,873)</u>	<u>(8,139)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(12)	(669)
Cash, short-term deposits and overdrafts, beginning of year	33	702
Cash, short-term deposits and overdrafts, end of year	\$ 21	\$ 33
Supplementary cash flow information		
Interest income received	\$ 211	\$ 282
Dividend income received	607	786

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Government of Canada 0.50% 12-01-2050 Real Return	29,000	36	38
Government of Canada 1.00% 09-01-2026	22,000	22	22
Government of Canada 1.25% 12-01-2047 Real Return	10,000	12	16
Government of Canada 1.75% 12-01-2053	10,000	10	10
Government of Canada 2.00% 12-01-2051	81,000	85	87
Total Federal Government		165	173
Provincial Governments			
Ontario Power Generation Inc. 2.977% 09-13-2029	9,000	9	9
Ontario Power Generation Inc. 3.215% 04-08-2030	10,000	10	11
Ontario Power Generation Inc. 3.315% 10-04-2027	5,000	5	5
Province of Alberta 1.65% 06-01-2031	20,000	19	19
Province of Alberta 2.95% 06-01-2052	165,000	170	177
Province of Alberta 3.05% 12-01-2048	20,000	21	22
Province of Alberta 3.10% 06-01-2050	112,000	118	124
Province of British Columbia 2.95% 06-18-2050	20,000	21	22
Province of Manitoba 2.05% 09-05-2052	35,000	28	32
Province of Manitoba 3.20% 03-05-2050	55,000	59	62
Province of Ontario 1.90% 12-02-2051	220,000	183	194
Province of Ontario 2.25% 12-02-2031	1,000	1	1
Province of Ontario 2.55% 12-02-2052	145,000	139	148
Province of Quebec 3.10% 12-01-2051	296,000	337	338
Province of Saskatchewan 2.80% 12-02-2052	40,000	40	42
Province of Saskatchewan 3.10% 06-02-2050	20,000	21	22
Province of Saskatchewan 3.30% 06-02-2048	20,000	21	23
Total Provincial Governments		1,202	1,251
Municipal Governments			
City of Toronto 2.60% 09-24-2039	10,000	10	10
Total Municipal Governments		10	10
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	10,000	10	10
407 International Inc. 2.59% 05-25-2032	5,000	5	5

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
407 International Inc. 3.43% 06-01-2033	35,000	36	38
AIMCo Realty Investors LP 2.195% 11-04-2026	6,000	6	6
AIMCo Realty Investors LP 2.712% 06-01-2029	30,000	30	31
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	1,000	1	1
Algonquin Power Co. 2.85% 07-15-2031	11,000	11	11
Alimentation Couche-Tard Inc. 2.95% 01-25-2030	10,000	13	13
Allied Properties REIT 1.726% 02-12-2026	2,000	2	2
AltaGas Ltd. 2.166% 03-16-2027	5,000	5	5
AltaLink LP 1.509% 09-11-2030	5,000	5	5
AltaLink LP 3.717% 12-03-2046	25,000	30	28
ARC Resources Ltd. 2.354% 03-10-2026	7,000	7	7
ARC Resources Ltd. 3.465% 03-10-2031	7,000	7	7
Bank of Montreal 1.758% 03-10-2026	13,000	13	13
Bank of Montreal 1.928% 07-22-2031	10,000	10	10
Bank of Montreal 4.30% 11-26-2025	6,000	6	6
BCI QuadReal Realty 1.073% 02-04-2026	6,000	6	6
BCI QuadReal Realty 1.747% 07-24-2030	5,000	5	5
BCIMC Realty Corp. 3.00% 03-31-2027	10,000	10	10
Bell Canada Inc. 1.65% 08-16-2027	1,000	1	1
Bell Canada Inc. 2.20% 05-29-2028	8,000	8	8
Bell Canada Inc. 2.90% 09-10-2029	4,000	4	4
Bell Canada Inc. 3.50% 09-30-2050	3,000	3	3
Bell Canada Inc. 4.45% 02-27-2047	20,000	20	22
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	10,000	10	10
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029	30,000	29	31
Brookfield Infrastructure Finance ULC 4.193% 09-11-2028	40,000	41	44
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	25,000	26	27
Brookfield Renewable Partners ULC 3.33% 08-13-2050	10,000	10	10
Brookfield Renewable Partners ULC 3.38% 01-15-2030	20,000	20	21
Brookfield Renewable Partners ULC 4.25% 01-15-2029	10,000	10	11
Brookfield Renewable Partners ULC 4.29% 11-05-2049	10,000	10	12
Brookfield Residential Properties Inc./Brookfield Residential US Corp. 5.125% 06-15-2029	3,000	3	3
Bruce Power LP 4.00% 06-21-2030	6,000	7	7
Calgary Airport Authority 3.199% 10-07-2036	3,000	3	3
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	8,000	8	8
Canadian National Railway Co. 3.00% 02-08-2029	20,000	20	21

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Canadian National Railway Co. 3.60% 07-31-2048	6,000	6	6
Canadian Natural Resources Ltd. 2.50% 01-17-2028	10,000	10	10
Canadian Natural Resources Ltd. 3.55% 06-03-2024	10,000	10	10
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	15,000	15	15
Canadian Pacific Railway Ltd. 3.15% 03-13-2029	10,000	10	11
Canadian Western Bank 1.818% 12-16-2027	10,000	10	10
Canadian Western Bank 1.926% 04-16-2026	8,000	8	8
Canadian Western Bank 2.606% 01-30-2025	4,000	4	4
Canadian Western Bank 5.00% 07-31-2081	2,000	2	2
Canadian Western Bank Floating Rate 01-22-2024	13,000	13	13
Capital Power Corp. 3.147% 10-01-2032	5,000	5	5
Capital Power Corp. 4.284% 09-18-2024	23,000	23	24
Capital Power Corp. 4.424% 02-08-2030	5,000	5	6
Capital Power Corp. 4.986% 01-23-2026	8,000	8	9
CCL Industries Inc. 3.864% 04-13-2028	20,000	20	21
CDP Financial Inc. 1.50% 10-19-2026	17,000	17	17
Cenovus Energy Inc. 3.50% 02-07-2028	10,000	10	10
CGI Inc. 2.10% 09-18-2028	4,000	4	4
Chartwell Retirement Residences REIT 3.786% 12-11-2023	30,000	30	31
Chartwell Retirement Residences REIT 4.211% 04-28-2025	10,000	10	11
Choice Properties REIT 2.456% 11-30-2026	3,000	3	3
Choice Properties REIT 2.981% 03-04-2030	10,000	10	10
Choice Properties REIT 3.532% 06-11-2029	20,000	20	21
Cogeco Communications Inc. 2.991% 09-22-2031	5,000	5	5
Comber Wind Financial Corp. 5.132% 11-15-2030	21,696	22	24
Cordelio Amalco GP I 4.087% 06-30-2034 Series B	8,571	9	9
Cordelio Amalco GP I 4.087% 09-30-2034 Series A	8,412	8	9
Corus Entertainment Inc. 5.00% 05-11-2028	2,000	2	2
CPPIB Capital Inc. 1.95% 09-30-2029	20,000	20	20
Crombie REIT 3.133% 08-12-2031	5,000	5	5
Crombie REIT 3.211% 10-09-2030	2,000	2	2
Crombie REIT 3.917% 06-21-2027	6,000	6	6
CU Inc. 4.085% 09-02-2044	10,000	11	12
Curaleaf Holdings Inc. 8.00% 12-15-2026	10,000	13	13
Dollarama Inc. 1.505% 09-20-2027	5,000	5	5
Dream Industrial REIT 1.662% 12-22-2025	9,000	9	9
Dream Industrial REIT 2.057% 06-17-2027	5,000	5	5

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Dream Industrial REIT 2.539% 12-07-2026	4,000	4	4
Empire Communities Corp. 7.375% 12-15-2025	10,000	10	10
Enbridge Gas Distribution Inc. 2.50% 08-05-2026	10,000	10	10
Enbridge Gas Inc. 2.37% 08-09-2029	10,000	10	10
Enbridge Gas Inc. 2.90% 04-01-2030	5,000	5	5
Enbridge Gas Inc. 3.01% 08-09-2049	10,000	10	10
Enbridge Gas Inc. 3.20% 09-15-2051	3,000	3	3
Enbridge Inc. 2.44% 06-02-2025	5,000	5	5
Enbridge Inc. 3.10% 09-21-2033	11,000	11	11
Enbridge Pipelines Inc. 4.33% 02-22-2049	10,000	10	11
Energir Inc. 2.10% 04-16-2027	10,000	10	10
EPCOR Utilities Inc. 2.899% 05-19-2050	10,000	10	10
EPCOR Utilities Inc. 3.106% 07-08-2049	20,000	20	20
EPCOR Utilities Inc. 3.554% 11-27-2047	20,000	20	22
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	14,000	14	15
Fairfax Financial Holdings Ltd. 4.23% 06-14-2029	30,000	30	32
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	7,000	7	7
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	75,000	77	77
Ford Credit Canada Co. 2.961% 09-16-2026	4,000	4	4
Fortified Trust 1.964% 10-23-2026	15,000	15	15
GFL Environmental Inc. 3.50% 09-01-2028	10,000	13	12
Gibson Energy Inc. 2.85% 07-14-2027	10,000	10	10
Gibson Energy Inc. 3.60% 09-17-2029	15,000	15	16
Gibson Energy Inc. 5.25% 12-22-2030	15,000	15	15
Granite REIT Holdings LP 2.194% 08-30-2028	8,000	8	8
Greater Toronto Airports Authority 2.73% 04-03-2029	10,000	10	10
H&R REIT 2.633% 02-19-2027	10,000	10	10
H&R REIT 2.906% 06-02-2026	5,000	5	5
H&R REIT 3.416% 01-23-2023	10,000	10	10
H&R REIT 4.071% 06-16-2025	10,000	10	11
HCN Canadian Holdings-1 LP 2.95% 01-15-2027	15,000	14	15
Honda Canada Finance Inc. 1.337% 03-17-2026	10,000	10	10
Honda Canada Finance Inc. 1.646% 02-25-2028	10,000	10	10
Hydro One Inc. 1.41% 10-15-2027	10,000	10	10
Hydro One Inc. 1.69% 01-16-2031	5,000	5	5
Hydro One Inc. 2.23% 09-17-2031	15,000	15	15
Hyundai Capital Canada Inc. 2.008% 05-12-2026	5,000	5	5

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Intact Financial Corp. 2.179% 05-18-2028	5,000	5	5
Intact Financial Corp. 4.125% 03-31-2081	7,000	7	7
Inter Pipeline Ltd. 3.173% 03-24-2025	12,000	12	12
Inter Pipeline Ltd. 3.484% 12-16-2026	19,000	20	20
Inter Pipeline Ltd. 3.983% 11-25-2031	20,000	20	21
Inter Pipeline Ltd. 6.625% 11-19-2079	10,000	10	11
Keyera Corp. 3.959% 05-29-2030	50,000	53	53
Keyera Corp. 5.95% 03-10-2081	6,000	6	6
Keyera Corp. 6.875% 06-13-2029	10,000	10	11
Kruger Products LP 6.00% 04-24-2025	10,000	10	10
Laurentian Bank of Canada 1.15% 06-03-2024	6,000	6	6
Laurentian Bank of Canada 1.603% 05-06-2026	2,000	2	2
Liberty Utilities (Canada) LP 3.315% 02-14-2050	5,000	5	5
Loblaw Companies Ltd. 2.284% 05-07-2030	10,000	10	10
Lower Mattagami Energy LP 2.433% 05-14-2031	7,000	7	7
Manulife Bank of Canada 1.504% 06-25-2025	10,000	10	10
Manulife Bank of Canada 1.536% 09-14-2026	10,000	10	10
Manulife Financial Corp. 4.10% 03-19-2082	7,000	7	7
MEG Energy Corp. 5.875% 02-01-2029	5,000	6	7
Morgan Stanley Floating Rate 03-21-2025	20,000	20	20
National Bank of Canada 1.534% 06-15-2026	6,000	6	6
National Bank of Canada 2.237% 11-04-2026	8,000	8	8
National Bank of Canada 4.05% 08-15-2081	8,000	8	8
NAV CANADA 2.063% 05-29-2030	10,000	10	10
North Battleford Power LP 4.958% 12-31-2032	59,292	59	67
North West Redwater Partnership 2.80% 06-01-2027	29,000	28	30
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	15,000	15	15
Nouvelle Autoroute 30 Financement Inc. 4.114% 03-31-2042	19,981	20	22
Nova Scotia Power Inc. 3.571% 04-05-2049	10,000	10	11
OMERS Finance Trust 1.55% 04-21-2027	15,000	15	15
OMERS Finance Trust 2.60% 05-14-2029	20,000	20	21
OMERS Realty Corp. 3.628% 06-05-2030	28,000	28	31
Ontario Power Generation Inc. 2.893% 04-08-2025	20,000	20	21
Ontario Teachers' Finance Trust 1.10% 10-19-2027	10,000	10	10
OPB Finance Trust 2.98% 01-25-2027	20,000	20	21
Parkland Corp. of Canada 3.875% 06-16-2026	19,000	19	19
Parkland Corp. of Canada 4.50% 10-01-2029	10,000	13	13

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Pembina Pipeline Corp. 3.53% 12-10-2031	5,000	5	5
Pembina Pipeline Corp. 3.54% 02-03-2025	5,000	5	5
Pembina Pipeline Corp. 3.62% 04-03-2029	10,000	10	11
Pembina Pipeline Corp. 4.02% 03-27-2028	30,000	32	32
Pembina Pipeline Corp. 4.54% 04-03-2049	10,000	10	11
Pembina Pipeline Corp. 4.74% 01-21-2047	2,000	2	2
Pembina Pipeline Corp. 4.75% 03-26-2048	2,000	2	2
Pembina Pipeline Corp. 4.80% 01-25-2031	10,000	10	10
Pembina Pipeline Corp. 4.81% 03-25-2044	2,000	2	2
Prime Structured Mortgage Trust 1.856% 11-15-2024	9,000	9	9
PSP Capital Inc. 2.05% 01-15-2030	25,000	25	25
Reliance LP 2.67% 08-01-2028	27,000	27	27
Reliance LP 2.68% 12-01-2027	10,000	10	10
RioCan REIT 2.829% 11-08-2028	3,000	3	3
Rogers Communication Inc. 5.00% 12-17-2081	16,000	16	16
Rogers Communications Inc. 3.25% 05-01-2029	5,000	5	5
Royal Bank of Canada 1.833% 07-31-2028	17,000	17	17
Royal Bank of Canada 2.14% 11-03-2031	12,000	12	12
Royal Bank of Canada 3.65% 11-24-2081	12,000	12	12
Royal Bank of Canada 4.00% 02-24-2081	18,000	18	18
Sagen MI Canada Inc. 3.261% 03-05-2031	6,000	6	6
Sagen MI Canada Inc. 4.95% 03-24-2081	4,000	4	4
Saputo Inc. 1.415% 06-19-2026	10,000	10	10
Saputo Inc. 2.242% 06-16-2027	8,000	8	8
Saputo Inc. 2.297% 06-22-2028	4,000	4	4
Sea To Sky Highway Investment LP 2.629% 08-31-2030	6,971	7	7
Shaw Communications Inc. 2.90% 12-09-2030	16,000	16	16
Shaw Communications Inc. 3.80% 03-01-2027	25,000	27	26
Shaw Communications Inc. 4.40% 11-02-2028	20,000	20	22
Sienna Senior Living Inc. 2.82% 03-31-2027	2,000	2	2
Sienna Senior Living Inc. 3.109% 11-04-2024	5,000	5	5
Sienna Senior Living Inc. 3.45% 02-27-2026	10,000	10	10
SmartCentres REIT 3.192% 06-11-2027	5,000	5	5
SmartCentres REIT 3.526% 12-20-2029	10,000	10	10
SmartCentres REIT 3.834% 12-21-2027	3,000	3	3
Source Energy Services Ltd. 10.50% 03-15-2025	28,165	10	16
Summit Industrial Income REIT 1.82% 04-01-2026	5,000	5	5

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Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Summit Industrial Income REIT 2.25% 01-12-2027	3,000	3	3
Summit Industrial Income REIT 2.44% 07-14-2028	4,000	4	4
Sun Life Financial Inc. 2.06% 10-01-2035	20,000	20	19
Sun Life Financial Inc. 2.80% 11-21-2033	13,000	13	13
Sun Life Financial Inc. 3.60% 06-30-2081	8,000	8	8
Suncor Energy Inc. 3.10% 05-24-2029	20,000	20	21
Suncor Energy Inc. 3.95% 03-04-2051	10,000	10	10
TELUS Corp. 2.05% 10-07-2030	10,000	10	9
TELUS Corp. 2.35% 01-27-2028	10,000	10	10
TELUS Corp. 2.85% 11-13-2031	5,000	5	5
TELUS Corp. 3.95% 02-16-2050	2,000	2	2
TELUS Corp. 4.85% 04-05-2044	14,000	17	16
The Bank of Nova Scotia 3.70% 07-27-2081	15,000	15	15
The Empire Life Insurance Co. 3.625% 04-17-2026	2,000	2	2
The Independent Order of Foresters 2.885% 10-15-2035	10,000	10	10
The Toronto-Dominion Bank 1.888% 03-08-2028	30,000	30	30
The Toronto-Dominion Bank 1.943% 03-13-2025	20,000	20	20
The Toronto-Dominion Bank 3.06% 01-26-2032	10,000	11	10
The Toronto-Dominion Bank 3.105% 04-22-2030	3,000	3	3
The Toronto-Dominion Bank 3.60% 10-31-2081	10,000	10	10
Thomson Reuters Corp. 2.239% 05-14-2025	10,000	10	10
TMX Group Ltd. 2.016% 02-12-2031	4,000	4	4
TMX Group Ltd. 2.997% 12-11-2024	10,000	11	10
TMX Group Ltd. 3.779% 06-05-2028	10,000	10	11
Toronto Hydro Corp. 2.47% 10-20-2031	5,000	5	5
Tourmaline Oil Corp. 2.529% 02-12-2029	4,000	4	4
Toyota Credit Canada Inc. 1.18% 02-23-2026	10,000	10	10
TransCanada PipeLines Ltd. 3.00% 09-18-2029	10,000	10	10
TransCanada PipeLines Ltd. 4.18% 07-03-2048	15,000	16	16
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	30,000	29	31
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	14,000	14	14
TransCanada Trust 4.20% 03-04-2081	15,000	15	15
Transcontinental Inc. 2.28% 07-13-2026	2,000	2	2
Trillium Windpower LP 5.803% 02-15-2033	7,287	7	9
Ventas Canada Finance Ltd. 2.45% 01-04-2027	6,000	6	6
Ventas Canada Finance Ltd. 2.55% 03-15-2023	30,000	30	30
Ventas Canada Finance Ltd. 2.80% 04-12-2024	10,000	10	10

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Ventas Canada Finance Ltd. 3.30% 12-01-2031	6,000	6	6
Videotron Ltd. 3.125% 01-15-2031	10,000	10	9
Videotron Ltd./Videotron Ltee 3.625% 06-15-2028	10,000	10	10
Waste Management of Canada Corp. 2.60% 09-23-2026	20,000	20	21
WSP Global Inc. 2.408% 04-19-2028	14,000	14	14
Total Corporate - Non-convertible		2,691	2,758
Corporate - Convertible			
Columbia Care Inc. 6.00% 06-29-2025 Conv.	1,000	1	1
Total Corporate - Convertible		1	1
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	4,000	2	2
Creation Technologies Inc. Term Loan B 1st Lien 09-24-2028	6,000	7	8
Laurentian Bank of Canada 0.878% 03-01-2026	50,000	47	47
Scotia Capital Inc. 0.89% 09-01-2026	5,000	5	5
Scotia Capital Inc. 1.25% 03-01-2025	10,000	8	8
Total Mortgage Backed		69	70
Total Canadian Bonds		4,138	4,263
United States Bonds			
Federal Government			
United States Treasury Inflation Index 0.125% 01-15-2030	10,000	15	15
United States Treasury Inflation Index 0.25% 02-15-2050	39,000	60	64
United States Treasury Inflation Index 0.75% 07-15-2028	60,000	84	95
Total Federal Government		159	174
Corporate - Non-convertible			
Alexandria Real Estate Equities Inc. 2.00% 05-18-2032	2,000	3	2
American Tower Corp. REIT 1.875% 10-15-2030	10,000	13	12
AT&T Inc. 2.25% 02-01-2032	10,000	13	12
AT&T Inc. Floating Rate 03-25-2024	5,000	6	6

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United States Bonds (continued)			
Corporate - Non-convertible (continued)			
Athene Global Funding 2.10% 09-24-2025	10,000	10	10
Athene Global Funding Floating Rate 04-09-2024	16,000	16	16
Bank of America Corp. 1.978% 09-15-2027	8,000	8	8
Bank of America Corp. 2.598% 04-04-2029	10,000	10	10
Bank of America Corp. 3.407% 09-20-2025	17,000	17	18
Bank of America Corp. Floating Rate 09-15-2027	9,000	9	9
BWAY Holding Co. 7.25% 04-15-2025	20,000	27	25
Charter Communications Operating LLC 2.80% 04-01-2031	20,000	28	25
Charter Communications Operating LLC 4.50% 02-01-2024	20,000	27	27
Charter Communications Operating LLC 5.05% 03-03-2029	19,000	25	28
Charter Communications Operating LLC/Charter Communications Operating Capital Corp. 2.30% 02-01-2032	10,000	13	12
CommScope Finance LLC 8.25% 03-01-2027	4,000	5	5
ConocoPhillips 2.40% 02-15-2031	5,000	6	6
Costco Wholesale Corp. 1.375% 06-20-2027	20,000	28	25
Exxon Mobil Corp. 2.61% 10-15-2030	10,000	14	13
Exxon Mobil Corp. 2.992% 03-19-2025	10,000	15	13
Ford Motor Co. 3.25% 02-12-2032	19,000	24	25
Foxtrot Escrow Issuer LLC/Foxtrot Escrow Corp. 12.25% 11-15-2026	4,000	5	6
Goldman Sachs Group Inc. Floating Rate 04-29-2025	20,000	20	20
Gray Escrow II Inc. 5.375% 11-15-2031	6,000	7	8
Hadrian Merger Sub Inc. 8.50% 05-01-2026	7,000	9	9
HCA Inc. 3.50% 09-01-2030	5,000	7	7
JPMorgan Chase & Co. 1.896% 03-05-2028	16,000	16	16
LABL Escrow Issuer LLC 10.50% 07-15-2027	4,000	5	5
LABL Escrow Issuer LLC 6.75% 07-15-2026	2,000	3	3
Mastercard Inc. 1.90% 03-15-2031	3,000	4	4
MEG Energy Corp. 7.125% 02-01-2027	5,000	7	7
Mozart Debt Merger Sub Inc. 3.875% 04-01-2029	12,000	15	15
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029	4,000	5	5
Nestle Holdings Inc. 2.192% 01-26-2029	7,000	7	7
Nexstar Escrow Inc. 5.625% 07-15-2027	3,000	4	4
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	4,000	5	5
NextEra Energy Capital Holdings Inc. 2.25% 06-01-2030	10,000	14	13
Omega Healthcare Investors Inc. 4.50% 01-15-2025	10,000	13	14
PayPal Holdings Inc. 1.35% 06-01-2023	10,000	14	13
PayPal Holdings Inc. 2.30% 06-01-2030	10,000	14	13

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	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Bonds (continued)			
Corporate - Non-convertible (continued)			
PayPal Holdings Inc. 2.40% 10-01-2024	10,000	13	13
PayPal Holdings Inc. 2.65% 10-01-2026	10,000	13	13
Pearl Merger Sub Inc. 6.75% 10-01-2028	5,000	6	7
QVC Inc. 4.375% 09-01-2028	13,000	17	16
R.R. Donnelley & Sons Co. 6.125% 11-01-2026	5,000	6	7
S&P Global Inc. 1.25% 08-15-2030	5,000	7	6
Sinclair Television Group Inc. 5.125% 02-15-2027	10,000	12	12
Sydney Airport Finance Co. Pty Ltd. 3.625% 04-28-2026	30,000	38	40
Target Corp. 2.25% 04-15-2025	5,000	7	7
Terraform Power Operating 5.00% 01-31-2028	10,000	13	13
The Clorox Co. 1.80% 05-15-2030	5,000	7	6
The Estee Lauder Companies Inc. 1.95% 03-15-2031	5,000	6	6
The Goldman Sachs Group Inc. 2.013% 02-28-2028	16,000	16	16
The Goldman Sachs Group Inc. 2.599% 11-30-2027	13,000	13	13
T-Mobile USA Inc. 1.50% 02-15-2026	10,000	12	13
T-Mobile USA Inc. 2.55% 02-15-2031	10,000	12	13
T-Mobile USA Inc. 3.50% 04-15-2025	5,000	6	7
T-Mobile USA Inc. 3.75% 04-15-2027	20,000	24	27
Univision Communications Inc. 4.50% 05-01-2029	5,000	6	6
Ventas Realty LP 4.00% 03-01-2028	10,000	12	14
Verizon Communications Inc. 1.75% 01-20-2031	10,000	13	12
Verizon Communications Inc. 2.375% 03-22-2028	10,000	10	10
Verizon Communications Inc. 2.50% 05-16-2030	30,000	31	30
Verizon Communications Inc. 2.55% 03-21-2031	13,000	16	17
Verizon Communications Inc. Floating Rate 03-20-2026	5,000	6	6
Walgreens Boots Alliance Inc. 3.20% 04-15-2030	20,000	28	27
Wells Fargo & Co. 2.493% 02-18-2027	30,000	30	30
Wells Fargo & Co. 2.568% 05-01-2025	30,000	31	31
Wells Fargo & Co. 2.975% 05-19-2026	10,000	11	10
Wells Fargo & Co. 3.90% 03-15-2026	1,000	1	1
Welltower Inc. 4.125% 03-15-2029	10,000	13	14
Welltower Inc. 4.25% 04-15-2028	10,000	13	14
Total Corporate - Non-convertible		940	938

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United States Bonds (continued)			
Mortgage Backed			
ABG Intermediate Holdings 2 LLC Term Loan 1st Lien 09-29-2024	9,549	12	12
ADS Tactical Inc. Term Loan 1st Lien 03-04-2028	9,750	12	12
Adtalem Global Education Inc. Term Loan B 1st Lien 02-12-2028	10,000	12	13
Advantage Sales & Marketing Inc. Term Loan B 1st Lien 10-28-2027	9,925	13	13
Aegis Toxicology Science Corp. Term Loan B 1st Lien 05-09-2025	7,212	9	9
Alcami Carolinas Corp. Term Loan 1st Lien 07-06-2025	9,700	13	11
Alchemy US Holdco 1 LLC Term Loan B 1st Lien 10-01-2025	8,274	10	10
Alpine US Bidco LLC Term Loan 1st Lien 04-13-2021	3,990	5	5
Amentum Government Services Holdings LLC Term Loan B 1st Lien 01-31-2027	9,950	13	13
AP Core Holdings II LLC Term Loan 1st Lien 07-21-2027	7,000	9	9
APM Global Holdings Pty Ltd. Term Loan 1st Lien 06-30-2026	2,873	4	4
Arc Falcon I Inc. Term Loan 1st Lien 09-22-2028	6,108	8	8
Arc Falcon I Inc. Term Loan Delayed Draw 1st Lien 09-22-2028	892	1	1
Ascend Performance Materials Operations Term Loan B 1st Lien 08-16-2026	9,801	13	12
Ascend Wellness Holdings Inc. Term Loan 1st Lien 08-27-2025	4,000	5	5
Astra Acquisition Corp. Term Loan B 1st Lien 10-22-2028	6,000	7	7
Ball Metalpack Finco Term Loan B 1st Lien 07-26-2025	9,675	13	12
Castle US Holding Corp. Term Loan B 1st Lien 01-31-2027	4,979	6	6
CCS-CMGC Holdings Inc. Term Loan 1st Lien 09-25-2025	9,725	12	12
Citadel Securities LP Term Loan B 1st Lien 02-27-2028	77,040	99	97
Cowen Inc. Term Loan B 1st Lien 03-12-2028	9,925	12	13
Crown Subsea Communications Holding Inc. Term Loan 1st Lien 04-20-2027	3,205	4	4
DEI Sales Inc. Term Loan B 1st Lien 04-23-2028	6,956	9	9
DIRECTV Financing LLC Term Loan 1st Lien 07-22-2027	9,000	11	11
Domtar Corp. Term Loan B 1st Lien 10-01-2028	2,710	3	3
Domtar Corp. Term Loan B Delayed Draw 1st Lien 10-01-2028	1,290	2	2
Dotdash Meredith Inc. Term Loan B 1st Lien 11-23-2028	7,000	9	9
Flynn America LP Term Loan B 1st Lien 07-23-2028	5,000	6	6
Frontier Communications Corp. Term Loan DIP B 1st Lien 10-08-2027	9,950	12	13
Gannett Holdings LLC Term Loan B 1st Lien 02-08-2026	9,188	12	12
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (EUR shares)	10,000	15	14
Garret LX I Sarl Term Loan B 1st Lien 03-05-2028 (USD shares)	10,000	13	13
Gateway Merger Sub 2021 Inc. Term Loan 1st Lien 06-25-2028	6,000	7	8
Grab Holdings Inc. Term Loan B 1st Lien 01-29-2026	9,950	12	13
Gray Television Inc. Term Loan D 1st Lien 10-27-2028	21,000	26	26
Heritage Power LLC Term Loan B 1st Lien 07-08-2026	9,665	12	10

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United States Bonds (continued)			
Mortgage Backed (continued)			
Hudson River Trading LLC Term Loan B 1st Lien 02-18-2027	9,950	13	13
INEOS Enterprises Holdings US Finco LLC Term Loan B 1st Lien 07-29-2026	8,054	10	10
INEOS US Petrochem LLC Term Loan B 1st Lien 01-21-2026	9,975	13	13
Ingram Micro Inc. Term Loan B 1st Lien 04-01-2028	9,975	12	13
Integro Insurance Brokers Ltd. Term Loan B 1st Lien 10-09-2022	19,283	24	23
Intermediate Dutch Term Loan B 1st Lien 02-05-2028	9,950	13	13
ION Trading Finance Ltd. Term Loan B 1st Lien 03-26-2028	9,975	13	13
Isagenix International LLC Term Loan B 1st Lien 04-26-2025	5,115	7	5
Jadex Inc. Term Loan 1st Lien 02-12-2028	14,850	19	19
Jane Street Group LLC Term Loan B 1st Lien 01-21-2027	9,925	13	12
Jazz Financing Lux Sarl Term Loan B 1st Lien 04-22-2028	9,975	12	13
Journey Personal Care Corp. Term Loan 1st Lien 02-19-2028	9,975	13	13
Keane Group Holdings LLC Term Loan B 1st Lien 05-18-2025	9,675	12	12
Knight Health Holdings LLC Term Loan B 1st Lien 12-17-2028	5,000	6	6
Kronos Acquisition Holdings Inc. Term Loan B 1st Lien 12-22-2026	9,925	13	12
LABL Inc. Term Loan B 1st Lien 10-22-2028	8,000	10	10
LTR Intermediate Holdings Inc. Term Loan B 1st Lien 04-23-2028	4,988	6	6
Magenta Buyer LLC Term Loan 1st Lien 05-03-2028	7,980	10	10
Mav Acquisition Corp. Term Loan B 1st Lien 07-21-2028	7,000	9	9
McKissock Investment Holdings LLC Term Loan B 1st Lien 06-17-2028	3,990	5	5
Mozart Borrower LP Term Loan B 1st Lien 09-30-2028	8,000	10	10
Murphy USA Inc. Term Loan B 1st Lien 01-29-2028	9,950	13	13
New Frontera Holdings LLC Term Loan 1st Lien 07-28-2026	947	1	1
New Frontera Holdings LLC Term Loan 2nd Lien 07-28-2028	912	1	1
OneDigital Borrower LLC Term Loan B 1st Lien 10-30-2027	9,952	12	13
Organon & Co. Term Loan B 1st Lien 04-08-2028	9,642	12	12
Osmosis Debt Merger Sub Inc. Term Loan B 1st Lien 06-17-2028	3,556	4	5
Osmosis Debt Merger Sub Inc. Term Loan Delayed Draw 1st Lien 06-17-2028	444	1	1
Plaze Inc. Term Loan B 1st Lien 08-03-2026	9,900	13	12
Pluto Acquisition I Inc. Term Loan B 1st Lien 06-20-2026	4,988	6	6
Project Sky Merger Sub Inc. Term Loan B 1st Lien 08-10-2028	6,000	7	8
RH Term Loan B 1st Lien 10-15-2028	29,000	36	37
Signal Parent Inc. Term Loan B 1st Lien 04-01-2028	10,000	13	12
Sorenson Communications LLC Term Loan B 1st Lien 03-12-2026	9,210	11	12
Spa US HoldCo Inc. Term Loan B 1st Lien 03-12-2028	9,950	12	13
Specialty Pharma III Inc. Term Loan 1st Lien 02-24-2028	10,000	12	13
SS&C Technologies Holdings Inc. Term Loan B5 1st Lien 04-16-2025	9,552	12	12

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	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Bonds (continued)			
Mortgage Backed (continued)			
Stitch Acquisition Corp. Term Loan B 1st Lien 07-27-2028	5,000	6	6
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien 09-17-2028	10,000	13	13
Sycamore Buyer LLC Term Loan B 1st Lien 09-24-2028	8,000	10	10
Sylvamo Corp. Term Loan B 1st Lien 08-20-2028	3,822	5	5
Terrier Media Buyer Term Loan B 1st Lien 12-17-2026	17,826	23	22
Titan Sub LLC Term Loan B 1st Lien 09-19-2026	9,825	13	12
Tory Burch LLC Term Loan B 1st Lien 04-15-2028	6,983	9	9
Triton Water Holdings Inc. Term Loan B 1st Lien 03-31-2028	9,975	12	13
Ultra Clean Holdings Inc. Term Loan 1st Lien 08-27-2025	11,659	15	15
Univision Communications Inc. Term Loan B 1st Lien 05-07-2028	10,000	12	13
Veregy Term Loan 1st Lien 11-03-2027	9,925	13	13
VeriFone Systems Inc. Term Loan 1st Lien 08-10-2025	9,700	13	12
Vertex Aerospace Services Corp. Term Loan B 1st Lien 10-27-2028	3,000	4	4
WildBrain Ltd. Term Loan B 1st Lien 03-18-2028	9,950	12	13
WireCo WorldGroup Inc. Term Loan B 1st Lien 10-29-2028	4,000	5	5
Xperi Holding Corp. Term Loan B 1st Lien 06-01-2025	8,094	10	10
Zotec Partners LLC Term Loan B 1st Lien 02-09-2024	2,367	3	3
Total Mortgage Backed		1,028	1,026
Total United States Bonds		2,127	2,138
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	30,000	30	33
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	5,000	6	6
Bahamas			
Commonwealth of Bahamas 5.75% 01-16-2024	10,000	11	12
Ireland			
ION Trading Finance Ltd. Term Loan B 1st Lien 04-01-2028	9,975	15	14
Japan			
Toyota Motor Corp. 1.339% 03-25-2026	4,000	5	5

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds (continued)			
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	10,000	10	10
Heathrow Funding Ltd. 3.25% 05-21-2025	10,000	10	10
Heathrow Funding Ltd. 3.40% 03-08-2028	20,000	20	21
Heathrow Funding Ltd. 3.726% 04-13-2033	18,000	18	19
Heathrow Funding Ltd. 3.782% 09-04-2032	20,000	20	20
Luxembourg			
LSF10 XL Bidco SCA Term Loan B 1st Lien 03-30-2028	10,000	15	14
Luxembourg Investment Co. 428 SARL Term Loan B 1st Lien 10-22-2028	7,000	9	9
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032	2,000	2	3
Teva Pharmaceuticals NE 2.80% 07-21-2023	11,000	13	14
United Kingdom			
BP Capital Markets PLC 3.47% 05-15-2025	10,000	10	11
INEOS 226 Ltd. Term Loan B 1st Lien 01-21-2026	10,000	15	14
National Grid Electricity Transmission PLC 2.301% 06-22-2029	11,000	11	11
Venezuela			
Petroleos de Venezuela SA 6.00% 05-16-2024	10,000	3	1
Total Global Bonds		223	227
Total Bonds		6,488	6,628
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	12,627	406	361
TELUS Corp.	31,107	745	927
Consumer Discretionary			
Dollarama Inc.	23,188	1,067	1,468
Restaurant Brands International Inc.	9,954	804	763

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Consumer Staples			
Alimentation Couche-Tard Inc.	23,804	883	1,262
Metro Inc.	6,077	348	409
Premium Brands Holdings Corp.	5,335	489	675
Energy			
Pembina Pipeline Corp.	13,314	521	511
Source Energy Services Ltd.	1,503	2	2
Suncor Energy Inc.	12,635	287	400
Financials			
Brookfield Asset Management Inc.	19,098	622	1,459
Intact Financial Corp.	6,866	982	1,129
Manulife Financial Corp.	21,308	467	514
Onex Corp. sub. voting	5,993	480	595
Royal Bank of Canada	9,105	852	1,222
The Bank of Nova Scotia	10,364	685	928
The Toronto-Dominion Bank	9,886	583	959
Industrials			
Canadian National Railway Co.	3,446	505	535
Canadian Pacific Railway Ltd.	4,800	454	437
Waste Connections Inc.	3,903	483	673
Information Technology			
CGI Group Inc. Class A sub. voting	6,121	549	685
Constellation Software Inc.	122	160	286
Open Text Corp.	9,677	530	581
Materials			
CCL Industries Inc. Class B non-voting	6,890	376	467
Franco-Nevada Corp. [CAD]	3,604	605	630
Utilities			
Emera Inc.	13,606	692	860
Fortis Inc.	10,178	555	621
Total Canadian Common Stock		15,132	19,359

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Preferred Stock			
Communication Services			
BCE Inc. 2.75% Preferred	57	1	1
BCE Inc. 3.61% Preferred	119	2	2
Consumer Staples			
Loblaw Companies Ltd. 5.30% Preferred	33	1	1
Energy			
AltaGas Ltd. 5.00% Preferred	970	24	24
TC Energy Corp. 4.90% Preferred	1,361	34	35
Financials			
Brookfield Asset Management Inc. 4.75% Preferred	371	9	10
Brookfield Asset Management Inc. Preferred Conv. Series 46	64	2	2
Utilities			
Emera Inc. 4.25% Preferred	28	1	1
Emera Inc. 4.60% Preferred	80	2	2
TransAlta Corp. 2.709% Preferred	1,578	21	25
Total Canadian Preferred Stock		97	103
United States Common Stock			
Communication Services			
Alphabet Inc. Class C	230	412	842
Consumer Discretionary			
The TJX Companies Inc.	3,146	233	302
Consumer Staples			
The Procter & Gamble Co.	2,015	314	417
Energy			
The Williams Companies Inc.	12,787	380	421
Exchange Traded Funds			
SPDR Gold Shares	1,500	331	324

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Health Care			
Abbott Laboratories	1,679	200	299
Becton, Dickinson and Co.	1,435	471	457
Johnson & Johnson Inc.	3,303	541	715
Industrials			
Fortive Corp.	3,873	342	374
Information Technology			
Microsoft Corp.	1,933	468	822
Visa Inc. Class A	2,337	607	641
Utilities			
American Electric Power Co. Inc.	5,583	615	629
Total United States Common Stock		4,914	6,243
Global Common Stock			
Bermuda			
Brookfield Renewable Partners LP 5.00% Series 11 Preferred	942	24	24
Brookfield Renewable Partners LP 5.00% Series 13 Preferred	56	1	1
Cayman Islands			
Alibaba Group Holding Ltd.	12,218	517	236
Germany			
SAP SE	1,495	252	270
Japan			
Seven & i Holdings Co. Ltd. ADR	8,974	206	249
Switzerland			
Roche Holding AG Genussscheine	729	341	382

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom			
Compass Group PLC	18,785	488	531
Reckitt Benckiser Group PLC	2,845	291	309
Total Global Common Stock		2,120	2,002
Total Stocks		22,263	27,707

Growth & Income Fund 6.05M

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
0.8060	February 18, 2022	United States Dollar	215	Canadian Dollar	211	4
					Derivatives - Assets	4
1.2598	January 14, 2022	Canadian Dollar	223	United States Dollar	223	(1)
1.2597	January 14, 2022	Canadian Dollar	255	United States Dollar	256	(1)
1.4390	January 21, 2022	Canadian Dollar	21	Euro	21	-
1.4268	January 21, 2022	Canadian Dollar	21	Euro	21	-
1.2546	January 28, 2022	Canadian Dollar	175	United States Dollar	176	(1)
1.2548	January 28, 2022	Canadian Dollar	617	United States Dollar	621	(4)
1.2317	February 11, 2022	Canadian Dollar	52	United States Dollar	53	(1)
1.2328	February 11, 2022	Canadian Dollar	802	United States Dollar	818	(16)
1.4329	February 18, 2022	Canadian Dollar	41	Euro	41	-
1.2569	February 18, 2022	Canadian Dollar	191	United States Dollar	192	(1)
1.2359	February 18, 2022	Canadian Dollar	149	United States Dollar	151	(3)
1.2355	February 18, 2022	Canadian Dollar	198	United States Dollar	202	(4)
1.2586	March 18, 2022	Canadian Dollar	16	United States Dollar	16	-
1.2587	March 18, 2022	Canadian Dollar	45	United States Dollar	45	-
					Derivatives - Liabilities	(32)
Total Forward Currency Contracts						(28)

Total Derivative Instruments at Fair Value (28)

Transaction Costs (see notes to financial statements (note 2)) (13)

Total Investments 28,738 34,307

Growth & Income Fund 6.05M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Growth & Income Fund 6.05M (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Growth & Income Fund 6.05M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 6,512	\$ (18)	\$ 6,494	\$ 65
United Kingdom Pound Sterling	840	—	840	8
Other Currencies	887	—	887	9
Total	\$ 8,239	\$ (18)	\$ 8,221	\$ 82
As Percent of Net Assets Attributable to Contractholders			23.9%	0.2%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 5,926	\$ 12	\$ 5,938	\$ 59
Other Currencies	1,374	—	1,374	14
Total	\$ 7,300	\$ 12	\$ 7,312	\$ 73
As Percent of Net Assets Attributable to Contractholders			21.2%	0.2%

*Includes both monetary and non-monetary instruments

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

Growth & Income Fund 6.05M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

D. Interest Rate Risk (continued)

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 23	\$ 1,403	\$ 3,008	\$ 2,194	\$ 6,628
2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 8	\$ 1,730	\$ 3,805	\$ 2,116	\$ 7,659

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$594 (\$669 at December 31, 2020) or approximately 1.7% (1.9% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant. (note 10)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Growth & Income Fund 6.05M

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk (continued)

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	4.8	0.9	7.6	1.7
AA	12.4	2.4	24.9	5.5
A	23.9	4.6	24.1	5.4
BBB	34.5	6.6	29.2	6.5
BB and lower	23.1	4.4	13.8	3.1
NR *	1.3	0.2	0.4	0.1
Total	100.0	19.1	100.0	22.3

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$277 (\$266 at December 31, 2020) or approximately 0.8% (0.8% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2021			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	\$ —	\$ 6,622	\$ 6	\$ 6,628
Stocks	27,055	652	—	27,707
Derivatives	—	4	—	4
Total assets measured at fair value	\$ 27,055	\$ 7,278	\$ 6	\$ 34,339
Liabilities measured at fair value				
Derivatives ⁽¹⁾	\$ —	\$ 32	\$ —	\$ 32
Net assets attributable to contractholders measured at fair value	\$ 27,055	\$ 7,246	\$ 6	\$ 34,307

⁽¹⁾ Excludes collateral pledged to counterparties of \$31.

Growth & Income Fund 6.05M
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

G. Fair Value Classification (continued)

	2020			
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value</u>				
Bonds	\$ —	\$ 7,659	\$ —	\$ 7,659
Stocks	25,155	1,410	—	26,565
Derivatives	—	138	—	138
Total assets measured at fair value	<u>\$ 25,155</u>	<u>\$ 9,207</u>	<u>\$ —</u>	<u>\$ 34,362</u>
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ 2	\$ —	\$ 2
Net assets attributable to contractholders measured at fair value	<u>\$ 25,155</u>	<u>\$ 9,205</u>	<u>\$ —</u>	<u>\$ 34,360</u>

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Bonds		Bonds	
Balance, beginning of year	\$	—	\$	—
Total gain (loss) included in net assets from operations attributable to contractholders		—		—
Purchases		5		—
Sales		—		—
Settlements		—		—
Transfers into Level 3		1		—
Transfers out of Level 3		—		—
Balance, end of year	<u>\$</u>	<u>6</u>	<u>\$</u>	<u>—</u>
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>—</u>

Growth & Income Fund 6.05M

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	429	449	472	495	349	349	311	324	292	215
Individual No-Load (IA)	10,447	11,944	14,100	16,327	20,697	7,537	7,506	8,994	9,201	12,498
Individual Back-End Load (IB)	11,503	12,790	15,779	19,094	25,376	8,713	8,440	10,568	11,298	16,101
Managed Money (IC)	1,546	1,764	2,069	2,425	2,758	945	928	1,092	1,117	1,345
75/75 guarantee policy	89,762	124,074	177,055	177,778	262,303	1,921	2,313	3,350	2,972	4,702
75/100 guarantee policy	331,437	375,792	456,511	435,502	582,513	7,061	6,978	8,607	7,257	10,413
100/100 guarantee policy	58,062	80,156	87,290	95,586	67,520	1,212	1,460	1,617	1,568	1,190
PS1 75/75 guarantee policy	43,516	81,493	99,151	91,473	242,842	825	1,341	1,650	1,340	3,802
PS1 75/100 guarantee policy	120,084	121,207	230,907	209,529	227,943	2,241	1,966	3,795	3,037	3,536
PS1 100/100 guarantee policy	44,714	19,545	19,037	19,349	20,785	817	311	308	276	318
PS2 75/75 guarantee policy	38,864	45,734	55,498	59,491	59,827	915	914	1,097	1,012	1,063
PS2 75/100 guarantee policy	43,863	61,599	73,496	81,102	59,892	1,032	1,231	1,452	1,380	1,064
PS2 100/100 guarantee policy	102	105	107	110	113	2	2	2	2	2
PS 75/75 guarantee policy	5,660	8,131	8,845	3,065	—	70	87	95	29	—
PS 75/100 guarantee policy	61,316	58,456	59,202	—	—	759	624	634	—	—
PPS 75/75 guarantee policy	1,820	1,830	693	—	—	23	20	7	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	815.31	692.33	684.94	589.83	616.31	122.98	7.39
Individual No-Load (IA)	721.42	628.46	637.85	563.53	603.83	92.96	(9.39)
Individual Back-End Load (IB)	757.50	659.89	669.75	591.72	634.48	97.61	(9.86)
Managed Money (IC)	611.09	525.98	527.46	460.43	487.56	85.11	(1.48)
75/75 guarantee policy	21.40	18.64	18.92	16.72	17.93	2.76	(0.28)
75/100 guarantee policy	21.31	18.57	18.85	16.66	17.88	2.74	(0.28)
100/100 guarantee policy	20.87	18.22	18.53	16.40	17.63	2.65	(0.31)
PS1 75/75 guarantee policy	18.96	16.46	16.64	14.65	15.66	2.50	(0.18)
PS1 75/100 guarantee policy	18.66	16.22	16.44	14.49	15.51	2.44	(0.22)
PS1 100/100 guarantee policy	18.27	15.92	16.16	14.28	15.32	2.35	(0.24)
PS2 75/75 guarantee policy	23.54	19.98	19.76	17.01	17.77	3.56	0.22
PS2 75/100 guarantee policy	23.54	19.98	19.76	17.01	17.77	3.56	0.22
PS2 100/100 guarantee policy	23.53	19.97	19.76	17.01	17.77	3.56	0.21
PS 75/75 guarantee policy	12.39	10.68	10.72	9.37	—	1.71	(0.04)
PS 75/100 guarantee policy	12.38	10.67	10.71	—	—	1.71	(0.04)
PPS 75/75 guarantee policy	12.54	10.77	10.78	—	—	1.77	(0.01)

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Growth & Income Fund 6.05M

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMMITMENTS

The Fund enters into certain agreements that provide borrowers with a short-term loan to meet any immediate obligation until longer term financing can be made. If the borrower chooses not to borrow on this agreement then the Fund is compensated with a commitment fee. The loan arrangement and related fees earned on these agreements were not significant during 2021 or 2020.

10. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Growth & Income Fund 6.05M

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.59	2.59	2.60	2.63	2.84
Individual Back-End Load (IB)	2.59	2.59	2.60	2.62	2.62
Managed Money (IC)	1.39	1.39	1.39	1.41	1.51
75/75 guarantee policy	2.59	2.59	2.60	2.62	2.62
75/100 guarantee policy	2.63	2.63	2.65	2.67	2.66
100/100 guarantee policy	2.80	2.80	2.81	2.82	2.82
PS1 75/75 guarantee policy	2.24	2.24	2.25	2.28	2.27
PS1 75/100 guarantee policy	2.40	2.41	2.42	2.43	2.42
PS1 100/100 guarantee policy	2.61	2.62	2.63	2.65	2.64
PS 75/75 guarantee policy	1.50	1.50	1.50	1.50	—
PS 75/100 guarantee policy	1.54	1.54	1.54	—	—
PPS 75/75 guarantee policy	1.15	1.14	1.14	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	35.51	82.01	50.55	68.32	72.39

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN VALUE FUND 8.03AT

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Value Fund 8.03AT (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Value Fund 8.03AT

(in Canadian \$ thousands)

Fund Manager: Foyston, Gordon & Payne Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 381	\$ 139
Investment income due and accrued	30	19
Due from The Canada Life Assurance Company (note 7)	110	—
Due from brokers	—	—
Due from outside parties	13	13
Investments		
Bonds	—	—
Stocks	11,668	8,411
Investment fund units	—	—
Total investments	11,668	8,411
Total assets	\$ 12,202	\$ 8,582
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	21
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	21
Net assets attributable to contractholders	\$ 12,202	\$ 8,561

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,200	\$ (479)
Miscellaneous income (loss)	1	3
Total income	3,201	(476)
Expenses		
Management fees (note 7)	223	178
Transaction costs	2	3
Withholding taxes	—	—
Other	20	16
Total expenses	245	197
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,956	\$ (673)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 8,561	\$ 10,348
Contractholder deposits	2,255	171
Contractholder withdrawals	(1,570)	(1,285)
Increase (decrease) in net assets from operations attributable to contractholders	2,956	(673)
Change in net assets attributable to contractholders	3,641	(1,787)
Net assets attributable to contractholders - end of year	\$ 12,202	\$ 8,561

Canadian Value Fund 8.03AT

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,956	\$ (673)
Adjustments		
Realized (gains) losses	(295)	(139)
Unrealized (gains) losses	(2,587)	930
Gross proceeds of disposition of investments	1,668	2,200
Gross payments for the purchase of investments	(2,043)	(1,241)
Change in investment income due and accrued	(11)	10
Change in due from/to The Canada Life Assurance Company	(131)	1
	<u>(443)</u>	1,088
Financing Activities		
Contractholder deposits	2,255	171
Contractholder withdrawals	(1,570)	(1,285)
	<u>685</u>	(1,114)
Net increase (decrease) in cash, short-term deposits and overdrafts	242	(26)
Cash, short-term deposits and overdrafts, beginning of year	139	165
Cash, short-term deposits and overdrafts, end of year	\$ 381	\$ 139
Supplementary cash flow information		
Dividend income received	\$ 307	\$ 320

Canadian Value Fund 8.03AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
Quebecor Media Inc. Class B sub. voting	8,325	261	238
Rogers Communications Inc. Class B non-voting	6,800	387	410
Shaw Communications Inc. Class B non-voting	3,914	99	150
Consumer Discretionary			
Canadian Tire Corp. Ltd. Class A non-voting	2,270	332	412
Magna International Inc.	3,284	209	336
Energy			
Canadian Natural Resources Ltd.	9,578	324	511
Cenovus Energy Inc.	32,662	566	507
Enbridge Inc. [CAD]	3,328	144	164
Hydro One Ltd.	7,194	160	237
Imperial Oil Ltd.	10,556	445	482
Precision Drilling Corp.	1,375	139	60
ShawCor Ltd.	11,966	354	59
Suncor Energy Inc.	13,941	430	440
Financials			
Canadian Imperial Bank of Commerce	2,996	353	442
CI Financial Corp.	13,952	298	369
Fairfax Financial Holdings Ltd. sub. voting	679	425	423
iA Financial Corp. Inc.	5,645	323	409
Manulife Financial Corp.	25,077	518	605
Royal Bank of Canada	5,772	440	775
The Bank of Nova Scotia	8,384	432	751
The Toronto-Dominion Bank	9,585	330	930
Industrials			
Finning International Inc.	6,877	175	219
SNC-Lavalin Group Inc.	8,535	334	264
Transcontinental Inc. Class A sub. voting	18,043	411	366
Information Technology			
CGI Group Inc. Class A sub. voting	2,934	208	328
Open Text Corp.	5,941	257	357

Canadian Value Fund 8.03AT

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
Canadian Common Stock (continued)			
Materials			
Canfor Corp.	10,079	169	323
Nutrien Ltd. [CAD]	2,731	161	260
Teck Resources Ltd. Class B	13,418	305	489
Real Estate			
Chartwell Retirement Residences REIT	11,795	148	139
Utilities			
ATCO Ltd. Class I non-voting	4,988	204	213
Total Canadian Common Stock		9,341	11,668
Total Stocks		9,341	11,668
Transaction Costs (see notes to financial statements (note 2))		(9)	
Total Investments		9,332	11,668

Canadian Value Fund 8.03AT

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Value Fund 8.03AT (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$117 (\$84 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Canadian Value Fund 8.03AT
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

D. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 11,668	\$ —	\$ —	\$ 11,668
Total assets measured at fair value	\$ 11,668	\$ —	\$ —	\$ 11,668

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 8,411	\$ —	\$ —	\$ 8,411
Total assets measured at fair value	\$ 8,411	\$ —	\$ —	\$ 8,411

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Canadian Value Fund 8.03AT

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	5,751	6,907	7,752	9,265	10,322	2,575	2,304	2,740	3,046	3,959
Individual Back-End Load (IB)	6,958	7,864	9,075	10,792	12,676	3,254	2,741	3,352	3,707	5,082
Managed Money (IC)	1,770	1,836	1,942	2,508	2,652	936	713	788	933	1,133
75/75 guarantee policy	58,849	39,848	42,375	53,003	44,342	947	478	538	626	611
75/100 guarantee policy	34,889	32,210	38,707	45,963	58,772	545	376	479	530	793
100/100 guarantee policy	6,653	4,763	4,725	6,153	6,568	99	53	56	69	86
PS1 75/75 guarantee policy	69,120	31,126	34,438	50,885	39,581	1,073	359	419	573	518
PS1 75/100 guarantee policy	49,046	47,998	48,959	77,251	83,120	746	543	586	858	1,075
PS1 100/100 guarantee policy	2,330	1,499	1,499	473	438	34	16	18	5	6
PS2 75/75 guarantee policy	50,004	26,472	36,814	24,887	24,979	984	377	540	330	376
PS2 75/100 guarantee policy	48,434	38,771	52,327	65,605	72,866	953	552	768	870	1,096
PS2 100/100 guarantee policy	—	—	660	681	932	—	—	10	9	14
PS 75/100 guarantee policy	2,328	2,350	3,616	—	—	27	20	33	—	—
PPS 75/75 guarantee policy	2,426	3,257	2,256	11,395	—	29	29	21	96	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	447.66	333.60	353.55	328.78	383.49	114.06	(19.95)
Individual Back-End Load (IB)	467.65	348.50	369.34	343.46	400.89	119.15	(20.84)
Managed Money (IC)	529.00	388.47	405.68	371.74	427.35	140.53	(17.21)
75/75 guarantee policy	16.09	11.99	12.71	11.81	13.79	4.10	(0.72)
75/100 guarantee policy	15.61	11.66	12.38	11.54	13.50	3.95	(0.72)
100/100 guarantee policy	14.90	11.17	11.90	11.13	13.06	3.73	(0.73)
PS1 75/75 guarantee policy	15.53	11.53	12.17	11.27	13.10	4.00	(0.64)
PS1 75/100 guarantee policy	15.20	11.31	11.96	11.11	12.94	3.89	(0.65)
PS1 100/100 guarantee policy	14.74	11.00	11.67	10.87	12.71	3.74	(0.67)
PS2 75/75 guarantee policy	19.67	14.25	14.67	13.26	15.04	5.42	(0.42)
PS2 75/100 guarantee policy	19.67	14.25	14.67	13.26	15.04	5.42	(0.42)
PS2 100/100 guarantee policy	—	—	14.67	13.26	15.04	—	—
PS 75/100 guarantee policy	11.73	8.66	9.10	—	—	3.07	(0.44)
PPS 75/75 guarantee policy	11.98	8.80	9.19	8.42	—	3.18	(0.39)

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Canadian Value Fund 8.03AT

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Value Fund 8.03AT

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.85	2.86	2.87	2.88	3.09
Individual Back-End Load (IB)	2.85	2.86	2.87	2.88	2.87
Managed Money (IC)	1.38	1.38	1.39	1.40	1.50
75/75 guarantee policy	2.84	2.86	2.87	2.88	2.87
75/100 guarantee policy	3.07	3.08	3.09	3.10	3.09
100/100 guarantee policy	3.39	3.40	3.41	3.43	3.42
PS1 75/75 guarantee policy	2.44	2.46	2.46	2.47	2.46
PS1 75/100 guarantee policy	2.67	2.67	2.68	2.69	2.67
PS1 100/100 guarantee policy	2.99	3.00	3.00	3.02	3.00
PS 75/100 guarantee policy	1.98	1.99	1.99	—	—
PPS 75/75 guarantee policy	1.36	1.36	1.37	1.37	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	16.03	15.29	10.19	9.33	8.09

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

GLOBAL FUND 9.06SC

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Fund 9.06SC (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Fund 9.06SC

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	242	109
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	244,708	224,767
Total investments	244,708	224,767
Total assets	\$ 244,950	\$ 224,876
Liabilities		
Overdrafts	\$ 412	\$ 165
Due to The Canada Life Assurance Company (note 8)	495	282
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	907	447
Net assets attributable to contractholders	\$ 244,043	\$ 224,429

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 24,916	\$ 29,047
Miscellaneous income (loss)	—	—
Total income	24,916	29,047
Expenses		
Management fees (note 8)	2,243	2,193
Other	243	238
Total expenses	2,486	2,431
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 22,430	\$ 26,616

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 224,429	\$ 195,403
Contractholder deposits	37,770	36,511
Contractholder withdrawals	(40,586)	(34,101)
Increase (decrease) in net assets from operations attributable to contractholders	22,430	26,616
Change in net assets attributable to contractholders	19,614	29,026
Net assets attributable to contractholders - end of year	\$ 244,043	\$ 224,429

Global Fund 9.06SC

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 22,430	\$ 26,616
Adjustments		
Realized (gains) losses	(5,514)	(8,268)
Unrealized (gains) losses	4,453	(572)
Gross proceeds of disposition of investments	255,452	39,106
Gross payments for the purchase of investments	(250,477)	(39,229)
Distribution income of underlying mutual fund	(23,855)	(20,207)
Change in due from/to The Canada Life Assurance Company	213	241
Change in due from/to brokers	(133)	(54)
	<u>2,569</u>	<u>(2,367)</u>
Financing Activities		
Contractholder deposits	37,770	36,511
Contractholder withdrawals	(40,586)	(34,101)
	<u>(2,816)</u>	<u>2,410</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(247)	43
Cash, short-term deposits and overdrafts, beginning of year	(165)	(208)
Cash, short-term deposits and overdrafts, end of year	\$ (412)	\$ (165)

Global Fund 9.06SC
Schedule of Investment Portfolio
(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Foreign Equity Fund Series S *	11,210,350	216,190	244,708
Total Investments		216,190	244,708

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	9.51%
Reckitt Benckiser Group PLC	3.43%
The Procter & Gamble Co.	3.25%
Admiral Group PLC	3.20%
Danaher Corp.	3.04%
Microsoft Corp.	2.76%
Compass Group PLC	2.71%
The TJX Companies Inc.	2.70%
Johnson & Johnson Inc.	2.70%
Brookfield Asset Management Inc.	2.59%
Koninklijke Philips NV	2.55%
Seven & I Holdings Co. Ltd.	2.51%
Alphabet Inc. Class A	2.46%
SPDR Gold Shares	2.44%
RELX PLC	2.39%
Comcast Corp. Class A	2.30%
Visa Inc. Class A	2.29%
Amcor PLC	2.18%
Amphenol Corp. Class A	2.16%
Roche Holding AG Genussscheine	2.08%
Becton, Dickinson and Co.	2.08%
SAP SE	1.99%
Colgate Palmolive Co.	1.98%
Nestle SA	1.96%
Accenture PLC Class A	1.79%

*The issuer of this security is a related company to the issuer of the Fund.

Global Fund 9.06SC

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	58,359	57,064	63,470	65,598	67,361	20,093	17,804	17,082	16,089	15,647
Individual No-Load (IA)	57,005	64,356	76,143	89,624	103,634	21,554	22,688	23,827	26,300	29,621
Individual Back-End Load (IB)	22,214	28,269	35,000	42,374	52,242	8,719	10,346	11,370	12,909	15,512
Managed Money (IC)	17,753	21,006	21,025	23,315	25,438	9,037	9,833	8,616	8,836	9,264
75/75 guarantee policy	490,988	531,420	590,961	576,687	519,332	13,337	13,460	13,286	12,158	10,672
75/100 guarantee policy	397,496	451,131	497,427	510,577	525,354	10,598	11,234	11,013	10,618	10,667
100/100 guarantee policy	17,433	24,670	28,227	28,465	30,143	433	576	589	561	583
PS1 75/75 guarantee policy	593,274	504,548	573,283	519,801	571,801	13,860	10,946	10,992	9,305	9,934
PS1 75/100 guarantee policy	432,630	449,520	456,338	420,121	379,568	9,790	9,478	8,532	7,358	6,473
PS1 100/100 guarantee policy	23,045	23,193	17,746	23,495	17,879	500	471	321	400	297
PS2 75/75 guarantee policy	1,103,074	1,141,499	1,199,213	1,302,383	1,155,176	32,752	30,690	27,794	27,490	23,078
PS2 75/100 guarantee policy	667,437	900,034	823,040	751,060	696,508	19,817	24,198	19,075	15,853	13,915
PS2 100/100 guarantee policy	11,923	7,916	8,749	9,038	6,528	354	213	203	191	130
PS 75/75 guarantee policy	152,113	181,299	192,568	47,582	—	2,044	2,247	2,095	480	—
PS 75/100 guarantee policy	65,476	86,960	78,228	6,628	—	875	1,073	849	67	—
PPS 75/75 guarantee policy	135,941	199,439	174,598	48,084	—	1,854	2,498	1,912	486	—
PPS 75/100 guarantee policy	48,912	45,292	55,246	—	—	659	563	602	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	344.30	311.99	269.13	245.27	232.29	32.31	42.86
Individual No-Load (IA)	378.10	352.54	312.92	293.45	285.83	25.56	39.62
Individual Back-End Load (IB)	392.51	365.98	324.85	304.64	296.93	26.53	41.13
Managed Money (IC)	509.02	468.10	409.78	379.00	364.18	40.92	58.32
75/75 guarantee policy	27.16	25.33	22.48	21.08	20.55	1.83	2.85
75/100 guarantee policy	26.66	24.90	22.14	20.80	20.30	1.76	2.76
100/100 guarantee policy	24.86	23.34	20.86	19.70	19.33	1.52	2.48
PS1 75/75 guarantee policy	23.36	21.70	19.17	17.90	17.37	1.66	2.53
PS1 75/100 guarantee policy	22.63	21.08	18.70	17.51	17.05	1.55	2.38
PS1 100/100 guarantee policy	21.69	20.29	18.08	17.01	16.63	1.40	2.21
PS2 75/75 guarantee policy	29.69	26.89	23.18	21.11	19.98	2.80	3.71
PS2 75/100 guarantee policy	29.69	26.89	23.18	21.11	19.98	2.80	3.71
PS2 100/100 guarantee policy	29.69	26.89	23.18	21.11	19.98	2.80	3.71
PS 75/75 guarantee policy	13.44	12.39	10.88	10.09	—	1.05	1.51
PS 75/100 guarantee policy	13.36	12.34	10.85	10.08	—	1.02	1.49
PPS 75/75 guarantee policy	13.64	12.53	10.95	10.11	—	1.11	1.58
PPS 75/100 guarantee policy	13.48	12.42	10.90	—	—	1.06	1.52

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Fund 9.06SC (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Global Fund 9.06SC

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Global Fund 9.06SC

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.93	2.93	2.93	2.95	3.16
Individual Back-End Load (IB)	2.93	2.93	2.93	2.94	2.94
Managed Money (IC)	1.55	1.55	1.54	1.55	1.66
75/75 guarantee policy	2.93	2.93	2.93	2.94	2.93
75/100 guarantee policy	3.10	3.10	3.10	3.11	3.10
100/100 guarantee policy	3.62	3.62	3.62	3.63	3.62
PS1 75/75 guarantee policy	2.53	2.50	2.49	2.50	2.49
PS1 75/100 guarantee policy	2.86	2.83	2.82	2.83	2.82
PS1 100/100 guarantee policy	3.30	3.27	3.28	3.27	3.27
PS 75/75 guarantee policy	1.82	1.82	1.82	1.82	—
PS 75/100 guarantee policy	1.99	1.99	1.98	1.98	—
PPS 75/75 guarantee policy	1.42	1.39	1.38	1.38	—
PPS 75/100 guarantee policy	1.75	1.72	1.71	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.53	2.54	2.52	2.53	2.52
PS1 75/100 guarantee policy	2.86	2.87	2.85	2.86	2.85
PS1 100/100 guarantee policy	3.30	3.31	3.31	3.30	3.30
PPS 75/75 guarantee policy	1.42	1.43	1.41	1.41	—
PPS 75/100 guarantee policy	1.75	1.76	1.74	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	103.35	19.81	8.90	4.85	6.72

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
PACIFIC FUND 9.08SC

December 31, 2021

Independent Auditor's Report

To the Contractholders of Pacific Fund 9.08SC (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Pacific Fund 9.08SC

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ 1
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	3	6
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	1,638	1,691
Total investments	1,638	1,691
Total assets	\$ 1,641	\$ 1,698
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 1,641	\$ 1,698

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 126	\$ 220
Miscellaneous income (loss)	—	—
Total income	126	220
Expenses		
Management fees (note 8)	43	38
Other	4	4
Total expenses	47	42
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 79	\$ 178

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 1,698	\$ 1,672
Contractholder deposits	170	100
Contractholder withdrawals	(306)	(252)
Increase (decrease) in net assets from operations attributable to contractholders	79	178
Change in net assets attributable to contractholders	(57)	26
Net assets attributable to contractholders - end of year	\$ 1,641	\$ 1,698

Pacific Fund 9.08SC

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 79	\$ 178
Adjustments		
Realized (gains) losses	(239)	(3)
Unrealized (gains) losses	290	(172)
Gross proceeds of disposition of investments	3,811	277
Gross payments for the purchase of investments	(3,632)	(81)
Distribution income of underlying mutual fund	(177)	(45)
Change in due from/to The Canada Life Assurance Company	3	(1)
	<u>135</u>	<u>153</u>
Financing Activities		
Contractholder deposits	170	100
Contractholder withdrawals	(306)	(252)
	<u>(136)</u>	<u>(152)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1)	1
Cash, short-term deposits and overdrafts, beginning of year	1	—
Cash, short-term deposits and overdrafts, end of year	\$ —	\$ 1

Pacific Fund 9.08SC
Schedule of Investment Portfolio
(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Ivy International Fund Series S *	77,765	1,685	1,638
Total Investments		1,685	1,638

Top 25 Holdings

Security Description	% of Total
Cash and short-term deposits	10.62%
Seven & I Holdings Co. Ltd.	4.16%
Compass Group PLC	4.05%
Admiral Group PLC	4.04%
Reckitt Benckiser Group PLC	4.02%
Amcor PLC	3.79%
Auto Trader Group PLC	3.51%
Brookfield Asset Management Inc.	3.31%
CK Hutchison Holdings Ltd.	3.29%
Nestle SA	3.27%
SAP SE	3.07%
Brambles Ltd.	2.81%
RELX PLC	2.71%
Koninklijke Philips NV	2.65%
Knorr-Bremse AG	2.47%
Tencent Holdings Ltd.	2.34%
Scout24 AG	2.30%
Kao Corp.	2.26%
De'Longhi SPA	2.23%
Burford Capital Ltd.	2.12%
Henkel AG & Co. KGaA Preferred	2.11%
Roche Holding AG Genussscheine	1.98%
Spectris PLC	1.88%
Electrocomponents PLC	1.82%
Sonova Holding AG	1.82%

*The issuer of this security is a related company to the issuer of the Fund.

Pacific Fund 9.08SC

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	2,222	1,953	2,598	3,990	4,726	401	338	400	573	711
Individual Back-End Load (IB)	2,338	2,700	3,057	3,711	4,019	438	485	489	554	628
Managed Money (IC)	608	606	606	606	606	147	138	121	112	115
75/75 guarantee policy	10,368	14,153	13,889	13,206	12,805	187	245	214	189	193
75/100 guarantee policy	5,474	6,000	5,725	6,778	6,487	96	101	86	95	95
100/100 guarantee policy	1,203	1,876	1,791	1,596	1,816	20	30	25	21	26
PS1 75/75 guarantee policy	2,845	3,103	2,975	2,670	4,135	59	61	52	43	70
PS1 75/100 guarantee policy	11,449	13,732	14,738	13,863	14,120	228	262	250	219	234
PS1 100/100 guarantee policy	—	—	—	—	2,371	—	—	—	—	38
PS2 75/75 guarantee policy	957	906	928	1,094	43	25	22	20	21	1
PS 75/75 guarantee policy	892	—	—	—	—	11	—	—	—	—
PS 75/100 guarantee policy	1,820	956	966	975	—	23	11	10	10	—
PPS 75/100 guarantee policy	445	448	450	—	—	6	5	5	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	180.48	172.92	153.94	143.57	150.35	7.56	18.98
Individual Back-End Load (IB)	187.57	179.71	159.99	149.21	156.37	7.86	19.72
Managed Money (IC)	241.48	228.13	200.26	184.15	190.19	13.35	27.87
75/75 guarantee policy	18.03	17.28	15.38	14.35	15.03	0.75	1.90
75/100 guarantee policy	17.48	16.79	14.98	14.00	14.70	0.69	1.81
100/100 guarantee policy	16.53	15.94	14.28	13.40	14.14	0.59	1.66
PS1 75/75 guarantee policy	20.62	19.68	17.44	16.20	16.90	0.94	2.24
PS1 75/100 guarantee policy	19.95	19.10	16.99	15.83	16.57	0.85	2.11
PS1 100/100 guarantee policy	—	—	—	—	16.13	—	—
PS2 75/75 guarantee policy	26.15	24.34	21.06	19.08	19.42	1.81	3.28
PS 75/75 guarantee policy	12.69	—	—	—	—	0.66	—
PS 75/100 guarantee policy	12.62	11.98	10.57	9.78	—	0.64	1.41
PPS 75/100 guarantee policy	12.75	12.08	10.62	—	—	0.67	1.46

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Pacific Fund 9.08SC (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Pacific Fund 9.08SC

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Pacific Fund 9.08SC

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.88	2.90	2.89	2.92	3.16
Individual Back-End Load (IB)	2.89	2.90	2.89	2.91	2.92
Managed Money (IC)	1.48	1.49	1.48	1.49	1.62
75/75 guarantee policy	2.89	2.90	2.89	2.91	2.91
75/100 guarantee policy	3.11	3.11	3.11	3.13	3.12
100/100 guarantee policy	3.53	3.54	3.53	3.56	3.55
PS1 75/75 guarantee policy	2.50	2.46	2.46	2.48	2.46
PS1 75/100 guarantee policy	2.82	2.79	2.78	2.80	2.79
PS1 100/100 guarantee policy	—	—	—	—	3.23
PS 75/75 guarantee policy	1.80	—	—	—	—
PS 75/100 guarantee policy	2.01	2.01	2.00	2.01	—
PPS 75/100 guarantee policy	1.71	1.70	1.71	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.50	2.50	2.49	2.51	2.49
PS1 75/100 guarantee policy	2.82	2.83	2.81	2.83	2.82
PS1 100/100 guarantee policy	—	—	—	—	3.26
PPS 75/100 guarantee policy	1.71	1.74	1.74	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	210.21	5.15	11.50	20.02	13.50

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EMERGING MARKETS FUND 9.09SC

December 31, 2021

Independent Auditor's Report

To the Contractholders of Emerging Markets Fund 9.09SC (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Emerging Markets Fund 9.09SC

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 34	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	76
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	83,144	60,037
Total investments	83,144	60,037
Total assets	\$ 83,178	\$ 60,113
Liabilities		
Overdrafts	\$ —	\$ 156
Due to The Canada Life Assurance Company (note 8)	5	113
Due to brokers	24	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	29	269
Net assets attributable to contractholders	\$ 83,149	\$ 59,844

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,850	\$ 8,405
Miscellaneous income (loss)	—	—
Total income	3,850	8,405
Expenses		
Management fees (note 8)	874	628
Other	93	67
Total expenses	967	695
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,883	\$ 7,710

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 59,844	\$ 41,041
Contractholder deposits	32,768	22,994
Contractholder withdrawals	(12,346)	(11,901)
Increase (decrease) in net assets from operations attributable to contractholders	2,883	7,710
Change in net assets attributable to contractholders	23,305	18,803
Net assets attributable to contractholders - end of year	\$ 83,149	\$ 59,844

Emerging Markets Fund 9.09SC

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,883	\$ 7,710
Adjustments		
Realized (gains) losses	(1,537)	655
Unrealized (gains) losses	316	(8,540)
Gross proceeds of disposition of investments	12,284	12,002
Gross payments for the purchase of investments	(31,541)	(22,201)
Distribution income of underlying mutual fund	(2,629)	(520)
Change in due from/to The Canada Life Assurance Company	(108)	(273)
Change in due from/to brokers	100	(57)
	<u>(20,232)</u>	<u>(11,224)</u>
Financing Activities		
Contractholder deposits	32,768	22,994
Contractholder withdrawals	(12,346)	(11,901)
	<u>20,422</u>	<u>11,093</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	190	(131)
Cash, short-term deposits and overdrafts, beginning of year	<u>(156)</u>	<u>(25)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 34</u>	<u>\$ (156)</u>

Emerging Markets Fund 9.09SC

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Mackenzie Emerging Markets Fund *	7,569,652	78,989	83,144
Total Investments		78,989	83,144

Top 25 Holdings

Security Description	% of Total
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%
Samsung Electronics Co. Ltd.	3.47%
Infosys Ltd.	2.70%
China Construction Bank Corp.	2.35%
Tencent Holdings Ltd.	1.99%
Sberbank of Russia PJSC	1.93%
BYD Co. Ltd.	1.90%
Embraer SA	1.85%
Alibaba Group Holding Ltd.	1.79%
Agricultural Bank of China Ltd.	1.78%
POSCO	1.73%
Vedanta Ltd.	1.71%
Hana Financial Group Inc.	1.70%
Innolux Corp.	1.68%
Sasol Ltd.	1.64%
Contemporary Amperex Technology Co. Ltd.	1.63%
PICC Property & Casualty Co. Ltd.	1.60%
Petroleo Brasileiro SA - Petrobras Preferred	1.59%
NIO Inc.	1.59%
Steel Authority of India Ltd.	1.57%
KT Corp.	1.55%
Xilinmen Furniture Co. Ltd.	1.53%
LG Uplus Corp.	1.51%
Hindustan Petroleum Corp. Ltd.	1.45%
Global Unichip Corp.	1.45%

*The issuer of this security is a related company to the issuer of the Fund.

Emerging Markets Fund 9.09SC

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	37,609	29,794	62,943	84,964	122,868	8,734	6,504	11,436	13,700	22,981
Individual No-Load (IA)	11,909	12,804	14,546	19,232	23,984	6,645	6,933	6,767	8,198	12,237
Individual Back-End Load (IB)	8,362	9,814	11,623	14,673	17,178	4,842	5,514	5,612	6,491	9,102
Managed Money (IC)	1,994	2,132	2,383	2,676	3,249	1,536	1,570	1,485	1,504	2,153
75/75 guarantee policy	303,671	220,618	205,311	277,230	218,613	5,837	4,115	3,291	4,071	3,845
75/100 guarantee policy	81,711	77,692	90,594	100,464	107,809	1,523	1,408	1,414	1,440	1,855
100/100 guarantee policy	18,385	29,777	31,623	32,406	35,330	324	512	470	444	583
PS1 75/75 guarantee policy	319,168	160,074	137,054	218,706	240,009	5,799	2,803	2,047	2,971	3,878
PS1 75/100 guarantee policy	97,892	82,491	75,152	82,074	69,698	1,705	1,391	1,085	1,083	1,099
PS1 100/100 guarantee policy	15,073	13,206	13,011	14,408	12,797	249	212	180	183	195
PS2 75/75 guarantee policy	264,481	250,569	179,814	337,073	278,716	6,133	5,457	3,256	5,413	5,189
PS2 75/100 guarantee policy	43,116	47,802	46,557	58,735	81,389	1,000	1,041	843	943	1,515
PS2 100/100 guarantee policy	1,341	1,389	1,586	1,642	879	31	30	29	26	16
PS 75/75 guarantee policy	28,556	78,787	72,680	40,360	—	345	914	717	361	—
PS 75/100 guarantee policy	4,041	3,362	4,032	1,783	—	48	39	40	16	—
PPS 75/75 guarantee policy	150,088	258,507	232,669	85,843	—	1,860	3,054	2,318	770	—
PPS 75/100 guarantee policy	5,317	5,355	5,127	—	—	65	63	51	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	232.24	218.31	181.69	161.24	187.04	13.93	36.62
Individual No-Load (IA)	557.96	541.47	465.25	426.27	510.22	16.49	76.22
Individual Back-End Load (IB)	579.02	561.91	482.81	442.37	529.86	17.11	79.10
Managed Money (IC)	770.74	736.48	623.08	562.10	662.64	34.26	113.40
75/75 guarantee policy	19.22	18.65	16.03	14.69	17.59	0.57	2.62
75/100 guarantee policy	18.63	18.12	15.61	14.33	17.21	0.51	2.51
100/100 guarantee policy	17.62	17.20	14.86	13.69	16.50	0.42	2.34
PS1 75/75 guarantee policy	18.17	17.51	14.94	13.59	16.16	0.66	2.57
PS1 75/100 guarantee policy	17.42	16.86	14.44	13.20	15.76	0.56	2.42
PS1 100/100 guarantee policy	16.53	16.07	13.83	12.69	15.24	0.46	2.24
PS2 75/75 guarantee policy	23.19	21.78	18.11	16.06	18.62	1.41	3.67
PS2 75/100 guarantee policy	23.19	21.78	18.11	16.06	18.62	1.41	3.67
PS2 100/100 guarantee policy	23.18	21.77	18.10	16.06	18.61	1.41	3.67
PS 75/75 guarantee policy	12.09	11.60	9.86	8.94	—	0.49	1.74
PS 75/100 guarantee policy	12.00	11.54	9.83	8.93	—	0.46	1.71
PPS 75/75 guarantee policy	12.39	11.81	9.96	8.97	—	0.58	1.85
PPS 75/100 guarantee policy	12.20	11.68	9.90	—	—	0.52	1.78

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Emerging Markets Fund 9.09SC (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Emerging Markets Fund 9.09SC

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Emerging Markets Fund 9.09SC

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	3.28	3.30	3.30	3.29	3.47
Individual Back-End Load (IB)	3.28	3.30	3.30	3.27	3.24
Managed Money (IC)	1.73	1.75	1.74	1.72	1.81
75/75 guarantee policy	3.27	3.29	3.30	3.26	3.22
75/100 guarantee policy	3.49	3.52	3.52	3.51	3.50
100/100 guarantee policy	3.84	3.85	3.85	3.90	3.97
PS1 75/75 guarantee policy	2.57	2.56	2.59	2.55	2.53
PS1 75/100 guarantee policy	3.02	3.00	3.03	2.99	2.97
PS1 100/100 guarantee policy	3.46	3.45	3.47	3.50	3.58
PS 75/75 guarantee policy	2.17	2.19	2.18	2.14	—
PS 75/100 guarantee policy	2.39	2.41	2.41	2.36	—
PPS 75/75 guarantee policy	1.48	1.45	1.47	1.43	—
PPS 75/100 guarantee policy	1.92	1.90	1.91	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.59	2.62	2.62	2.58	2.56
PS1 75/100 guarantee policy	3.04	3.06	3.06	3.02	3.00
PS1 100/100 guarantee policy	3.48	3.51	3.50	3.53	3.61
PPS 75/75 guarantee policy	1.50	1.51	1.50	1.46	—
PPS 75/100 guarantee policy	1.94	1.96	1.94	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	15.00	29.68	3.49	118.29	16.30

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GROWTH EQUITY FUND 6.08A

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth Equity Fund 6.08A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth Equity Fund 6.08A

(in Canadian \$ thousands)

Fund Manager: AGF Investments Inc.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 189	\$ 534
Investment income due and accrued	19	19
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	14,737	14,113
Investment fund units	—	—
Total investments	14,737	14,113
Total assets	\$ 14,945	\$ 14,666
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	5	5
Due to brokers	21	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	26	5
Net assets attributable to contractholders	\$ 14,919	\$ 14,661

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 2,522	\$ (190)
Miscellaneous income (loss)	1	101
Total income	2,523	(89)
Expenses		
Management fees (note 7)	376	353
Transaction costs	15	50
Withholding taxes	—	2
Other	34	32
Total expenses	425	437
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,098	\$ (526)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 14,661	\$ 16,934
Contractholder deposits	525	252
Contractholder withdrawals	(2,365)	(1,999)
Increase (decrease) in net assets from operations attributable to contractholders	2,098	(526)
Change in net assets attributable to contractholders	258	(2,273)
Net assets attributable to contractholders - end of year	\$ 14,919	\$ 14,661

Growth Equity Fund 6.08A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,098	\$ (526)
Adjustments		
Realized (gains) losses	(1,428)	315
Unrealized (gains) losses	(791)	175
Gross proceeds of disposition of investments	10,915	20,448
Gross payments for the purchase of investments	(9,320)	(19,213)
Change in investment income due and accrued	—	(4)
Change in due from/to The Canada Life Assurance Company	—	(1)
Change in due from/to brokers	21	—
	<u>1,495</u>	<u>1,194</u>
Financing Activities		
Contractholder deposits	525	252
Contractholder withdrawals	(2,365)	(1,999)
	<u>(1,840)</u>	<u>(1,747)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(345)	(553)
Cash, short-term deposits and overdrafts, beginning of year	534	1,087
Cash, short-term deposits and overdrafts, end of year	\$ 189	\$ 534
Supplementary cash flow information		
Dividend income received	\$ 303	\$ 297

Growth Equity Fund 6.08A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Consumer Staples			
Alimentation Couche-Tard Inc.	3,054	99	161
GURU Organic Energy Corp.	2,294	37	37
Energy			
AltaGas Ltd.	8,983	195	245
Buried Hill Energy Public Co. Ltd. Subscription Receipts	43,300	73	1
Canadian Natural Resources Ltd.	9,035	317	483
Enbridge Inc. [CAD]	7,154	313	353
Headwater Exploration Inc.	22,410	114	115
Parex Resources Inc.	5,316	70	115
Parkland Corp. of Canada	3,230	108	112
TC Energy Corp.	4,722	309	278
Tourmaline Oil Corp.	3,358	118	137
Whitecap Resources Inc.	23,275	145	174
Financials			
Altius Renewable Royalties Corp.	3,844	42	42
Bank of Montreal	7,903	768	1,076
Brookfield Asset Management Inc.	8,012	393	612
Canadian Western Bank	4,918	197	179
Definity Financial Corp.	3,415	82	101
Guardian Capital Group Ltd.	7,949	138	277
Home Capital Group Inc.	4,045	174	158
iA Financial Corp. Inc.	4,093	257	296
Intact Financial Corp.	1,676	247	276
Merrco Payments Inc.	6,911	82	69
Propel Holdings Inc.	7,979	78	109
Royal Bank of Canada	6,907	605	927
Sun Life Financial Inc.	7,978	408	562
Trisura Group Ltd.	1,680	79	80
Health Care			
Andlauer Healthcare Group Inc.	1,913	37	103
Industrials			
Air Canada variable voting	10,688	270	226
ATS Automation Tooling Systems Inc.	4,236	117	213

Growth Equity Fund 6.08A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock (continued)			
Industrials (continued)			
Boyd Group Services Inc.	890	181	178
CAE Inc.	3,937	144	126
Canadian National Railway Co.	4,044	491	628
Canadian Pacific Railway Ltd.	4,537	279	413
GFL Environmental Inc.	4,709	207	225
Hardwoods Distribution Inc.	1,598	69	72
Parkit Enterprise Inc.	36,444	42	56
Richelieu Hardware Ltd.	3,503	147	153
SNC-Lavalin Group Inc.	6,069	212	188
Waste Connections Inc.	1,921	258	331
Information Technology			
Constellation Software Inc.	195	316	458
Coveo Solutions Inc.	7,142	114	118
Lightspeed Commerce Inc.	966	109	49
Shopify Inc. [CAD]	467	725	813
Thinkific Labs Inc.	2,839	37	25
Topicus.com Inc.	362	2	42
Materials			
Altius Minerals Corp.	6,870	109	120
Arizona Sonoran Copper Co. Inc.	18,877	46	39
First Quantum Minerals Ltd.	8,016	230	243
Intertape Polymer Group Inc.	4,277	115	113
K92 Mining Inc.	25,536	115	184
Kirkland Lake Gold Ltd.	6,855	406	363
Neo Performance Materials Inc.	3,339	66	68
Nutrien Ltd. [CAD]	5,214	343	496
Orla Mining Ltd.	17,585	41	85
SSR Mining Inc.	7,559	162	169
West Fraser Timber Co. Ltd.	3,365	302	406
Real Estate			
Colliers International Group Inc.	1,712	148	323
Granite REIT Holdings LP	1,137	119	120
Total Canadian Common Stock		11,407	14,121

Growth Equity Fund 6.08A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock			
Consumer Discretionary			
Airbnb Inc.	905	218	191
Information Technology			
Applied Materials Inc.	914	135	182
Total United States Common Stock		353	373
Global Common Stock			
Australia			
Champion Iron Ltd.	19,708	31	99
Bermuda			
Brookfield Asset Management Reinsurance Partners Ltd. Class A	55	4	4
Brookfield Renewable Energy Partners LP	3,097	93	140
Total Global Common Stock		128	243
Total Stocks		11,888	14,737
Transaction Costs (see notes to financial statements (note 2))		(13)	
Total Investments		11,875	14,737

Growth Equity Fund 6.08A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Growth Equity Fund 6.08A (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 373	\$ 4	\$ 377	\$ 4
Total	\$ 373	\$ 4	\$ 377	\$ 4
As Percent of Net Assets Attributable to Contractholders			2.5%	

*Includes both monetary and non-monetary instruments

Growth Equity Fund 6.08A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 1,520	\$ 134	\$ 1,654	\$ 17
Total	\$ 1,520	\$ 134	\$ 1,654	\$ 17
As Percent of Net Assets Attributable to Contractholders			11.3%	0.1%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$147 (\$141 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 14,667	\$ —	\$ 70	\$ 14,737
Total assets measured at fair value	\$ 14,667	\$ —	\$ 70	\$ 14,737

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 13,901	\$ 142	\$ 70	\$ 14,113
Total assets measured at fair value	\$ 13,901	\$ 142	\$ 70	\$ 14,113

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Growth Equity Fund 6.08A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification (continued)

The following table presents additional information about assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2021		2020	
	Stocks		Stocks	
Balance, beginning of year	\$	70	\$	71
Total gain (loss) included in net assets from operations attributable to contractholders		—		(1)
Purchases		—		—
Sales		—		—
Settlements		—		—
Transfers into Level 3		—		—
Transfers out of Level 3		—		—
Balance, end of year	\$	70	\$	70
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$	—	\$	(1)

Growth Equity Fund 6.08A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	7,548	8,464	9,721	11,886	14,319	3,881	3,800	4,489	4,727	6,893
Individual Back-End Load (IB)	12,865	14,250	15,892	19,030	21,289	6,941	6,712	7,700	7,942	10,760
Managed Money (IC)	1,943	2,132	2,343	2,739	2,845	980	927	1,035	1,029	1,277
75/75 guarantee policy	33,667	42,177	52,754	58,649	55,136	530	580	746	715	813
75/100 guarantee policy	32,963	44,497	41,852	49,251	57,205	501	593	576	586	827
100/100 guarantee policy	8,150	9,689	9,781	10,059	10,097	120	125	131	116	142
PS1 75/75 guarantee policy	46,583	43,363	44,231	56,664	56,703	683	552	577	633	764
PS1 75/100 guarantee policy	26,064	43,558	47,073	40,342	46,585	374	544	604	445	620
PS2 75/75 guarantee policy	32,296	33,440	44,187	47,602	58,110	605	531	700	631	904
PS2 75/100 guarantee policy	12,100	14,531	17,816	7,317	12,303	227	230	282	97	191
PS2 100/100 guarantee policy	3,916	4,044	4,186	8,934	9,240	73	64	66	118	144
PS 75/100 guarantee policy	335	339	2,931	—	—	4	3	28	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	514.23	448.91	461.78	397.73	481.35	65.32	(12.87)
Individual Back-End Load (IB)	539.56	471.03	484.53	417.32	505.42	68.53	(13.50)
Managed Money (IC)	504.32	434.78	441.66	375.66	448.74	69.54	(6.88)
75/75 guarantee policy	15.75	13.75	14.14	12.18	14.75	2.00	(0.39)
75/100 guarantee policy	15.21	13.32	13.76	11.90	14.46	1.89	(0.44)
100/100 guarantee policy	14.65	12.88	13.35	11.58	14.11	1.77	(0.47)
PS1 75/75 guarantee policy	14.65	12.73	13.04	11.18	13.47	1.92	(0.31)
PS1 75/100 guarantee policy	14.35	12.50	12.82	11.02	13.30	1.85	(0.32)
PS2 75/75 guarantee policy	18.72	15.87	15.84	13.25	15.56	2.85	0.03
PS2 75/100 guarantee policy	18.72	15.87	15.84	13.25	15.56	2.85	0.03
PS2 100/100 guarantee policy	18.72	15.87	15.84	13.25	15.56	2.85	0.03
PS 75/100 guarantee policy	10.91	9.46	9.66	—	—	1.45	(0.20)

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Growth Equity Fund 6.08A

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Growth Equity Fund 6.08A

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.96	2.97	2.97	3.08	3.42
Individual Back-End Load (IB)	2.96	2.97	2.97	3.07	3.20
Managed Money (IC)	1.71	1.71	1.71	1.72	1.83
75/75 guarantee policy	2.96	2.97	2.97	3.07	3.19
75/100 guarantee policy	3.35	3.35	3.35	3.41	3.45
100/100 guarantee policy	3.67	3.68	3.68	3.71	3.71
PS1 75/75 guarantee policy	2.50	2.51	2.51	2.55	2.58
PS1 75/100 guarantee policy	2.73	2.73	2.73	2.77	2.79
PS 75/100 guarantee policy	2.28	2.27	2.26	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	62.09	135.22	31.82	24.72	32.21

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN RESOURCES FUND 6.07A

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Resources Fund 6.07A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Resources Fund 6.07A

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,530	\$ 117
Investment income due and accrued	55	83
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	216	—
Due from outside parties	3	3
Investments		
Bonds	—	—
Stocks	21,773	17,353
Investment fund units	—	—
Derivatives (note 7)	275	—
Total investments	22,048	17,353
Total assets	\$ 23,852	\$ 17,556
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	1	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	1	—
Net assets attributable to contractholders	\$ 23,851	\$ 17,556

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 7,205	\$ (1,164)
Miscellaneous income (loss)	(3)	45
Total income	7,202	(1,119)
Expenses		
Management fees (note 8)	554	497
Transaction costs	73	23
Withholding taxes	33	—
Other	44	39
Total expenses	704	559
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 6,498	\$ (1,678)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 17,556	\$ 22,537
Contractholder deposits	5,158	1,550
Contractholder withdrawals	(5,361)	(4,853)
Increase (decrease) in net assets from operations attributable to contractholders	6,498	(1,678)
Change in net assets attributable to contractholders	6,295	(4,981)
Net assets attributable to contractholders - end of year	\$ 23,851	\$ 17,556

Canadian Resources Fund 6.07A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 6,498	\$ (1,678)
Adjustments		
Realized (gains) losses	(3,090)	149
Unrealized (gains) losses	(3,533)	1,686
Gross proceeds of disposition of investments	31,007	9,087
Gross payments for the purchase of investments	(29,079)	(5,869)
Change in investment income due and accrued	28	(7)
Change in due from/to The Canada Life Assurance Company	1	16
Change in due from/to brokers	(216)	—
	<u>1,616</u>	<u>3,384</u>
Financing Activities		
Contractholder deposits	5,158	1,550
Contractholder withdrawals	(5,361)	(4,853)
	<u>(203)</u>	<u>(3,303)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	1,413	81
Cash, short-term deposits and overdrafts, beginning of year	117	36
Cash, short-term deposits and overdrafts, end of year	\$ 1,530	\$ 117
Supplementary cash flow information		
Dividend income received	\$ 610	\$ 663

Canadian Resources Fund 6.07A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Energy			
Advantage Energy Ltd.	108,055	274	800
ARC Resources Ltd.	77,218	510	888
Canadian Natural Resources Ltd.	9,207	333	492
Cenovus Energy Inc.	39,690	371	616
Essential Energy Services Ltd.	125,200	42	49
Headwater Exploration Inc.	26,800	123	138
Kelt Exploration Ltd.	34,000	102	164
Keyera Corp.	13,624	390	389
Leucrotta Exploration Inc.	60,000	39	54
MEG Energy Corp.	22,100	183	259
Parex Resources Inc.	6,300	97	136
Pipestone Energy Corp.	26,635	41	104
Secure Energy Services Inc.	69,759	219	367
Tamarack Valley Energy Ltd.	19,000	49	73
Topaz Energy Corp.	9,962	157	178
Tourmaline Oil Corp.	24,339	515	994
Industrials			
Aecon Group Inc.	1,100	21	19
Information Technology			
SPARQ Systems Inc. Subscription Receipts	45,000	23	23
Materials			
Aclara Resources Inc.	2,088	4	3
Agnico Eagle Mines Ltd.	2,182	145	147
Alpha Lithium Corp.	75,000	75	86
Copper Mountain Mining Corp.	89,653	324	307
Critical Elements Lithium Corp.	6,800	12	9
First Quantum Minerals Ltd.	27,039	739	818
Fox River Resources Corp.	55,700	37	29
Interfor Corp.	16,406	377	665
Kirkland Lake Gold Ltd.	3,791	210	201
Labrador Iron Ore Royalty Corp.	8,920	276	335
Lundin Gold Inc.	5,757	69	60
Neo Performance Materials Inc.	3,473	69	70
Nutrien Ltd. [CAD]	14,033	1,056	1,334

Canadian Resources Fund 6.07A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Materials (continued)			
Pretium Resources Inc.	13,448	197	240
Rio2 Ltd.	74,900	47	48
SSR Mining Inc.	19,107	372	428
Stelco Holdings Inc.	7,729	271	319
Troilus Gold Corp.	37,600	41	28
Turquoise Hill Resources Ltd.	5,205	110	108
West Fraser Timber Co. Ltd.	9,325	756	1,125
Western Forest Products Inc.	83,329	158	176
Yamana Gold Inc.	45,943	277	244
Utilities			
EverGen Infrastructure Corp.	4,526	26	19
Polaris Infrastructure Inc.	6,768	124	114
Total Canadian Common Stock		9,261	12,656
United States Common Stock			
Energy			
California Resources Corp.	1,200	67	65
Chesapeake Energy Corp.	2,886	192	236
Devon Energy Corp.	4,600	192	256
HighPeak Energy Inc.	6,800	84	126
Marathon Petroleum Corp.	3,267	192	264
Northern Oil and Gas Inc.	3,801	57	99
PDC Energy Inc.	4,400	206	272
Phillips 66	1,400	134	128
Plains GP Holdings LP	16,592	181	213
The Williams Companies Inc.	13,168	364	433
Industrials			
Alcoa Corp.	4,300	175	324
Materials			
Chemours Co.	6,300	253	267
Eastman Chemical Co.	1,500	226	229
Graphic Packaging Holding Co.	4,985	110	123
Steel Dynamics Inc.	3,200	242	251

Canadian Resources Fund 6.07A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock (continued)			
Materials (continued)			
Valvoline Inc.	5,200	205	245
WestRock Co.	5,362	371	301
Total United States Common Stock		3,251	3,832
Global Common Stock			
Australia			
Champion Iron Ltd.	48,740	235	244
Cyprium Metals Ltd.	174,400	50	26
Evolution Mining Ltd.	25,278	121	94
Xanadu Mines Ltd.	281,400	17	8
Bermuda			
Axalta Coating Systems Ltd.	7,600	305	318
Denmark			
Cadeler AS	15,300	72	80
France			
TotalEnergies SE ADR	12,977	761	812
Germany			
HeidelbergCement AG	2,334	246	200
Ireland			
CRH PLC [GBP]	1,400	88	93
Italy			
ENI SPA ADR	10,434	343	365
Jersey			
Royal Road Minerals Ltd.	45,100	16	15
Norway			
Norsk Hydro ASA	12,900	86	128

Canadian Resources Fund 6.07A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
South Africa			
AngloGold Ashanti Ltd. ADR	13,885	383	369
Gold Fields Ltd. ADR	36,513	470	508
United Kingdom			
Anglo American PLC	4,200	220	217
Endeavour Mining PLC	4,504	136	125
Hochschild Mining PLC	15,200	51	34
Rio Tinto PLC ADR	2,400	243	203
Royal Dutch Shell PLC Class A ADR	17,000	866	933
Tronox Holdings PLC	16,860	471	513
Total Global Common Stock		5,180	5,285
Total Stocks		17,692	21,773

GWL Canadian Resources Fund 6.07A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Options Purchased

Underlying Security	No. of Contracts	Type of Contract	Expiration Date	Strike Price	Premium Paid	Fair Value
100-oz. Gold Futures	100	Call	May 25, 2022	USD 1,400.00	USD 415.44	55
100-oz. Gold Futures	200	Call	May 25, 2022	USD 1,400.00	USD 471.82	110
100-oz. Gold Futures	200	Call	May 25, 2022	USD 1,400.00	USD 474.15	110
Derivatives - Assets						275
Total Options Purchased Contracts						275

Total Derivative Instruments at Fair Value 275

Transaction Costs (see notes to financial statements (note 2)) (28)

Total Investments 17,664 22,048

Canadian Resources Fund 6.07A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Canadian Resources Fund 6.07A (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 7,853	\$ 157	\$ 8,010	\$ 80
Other Currencies	880	—	880	9
Total	\$ 8,733	\$ 157	\$ 8,890	\$ 89
As Percent of Net Assets Attributable to Contractholders			37.3%	0.4%

*Includes both monetary and non-monetary instruments

Canadian Resources Fund 6.07A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 129	\$ 12	\$ 141	\$ 1
Total	\$ 129	\$ 12	\$ 141	\$ 1
As Percent of Net Assets Attributable to Contractholders			0.8%	

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$218 (\$174 at December 31, 2020) or approximately 0.9% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 21,342	\$ 431	\$ —	\$ 21,773
Total assets measured at fair value	\$ 21,342	\$ 706	\$ —	\$ 22,048

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 17,353	\$ —	\$ —	\$ 17,353
Total assets measured at fair value	\$ 17,353	\$ —	\$ —	\$ 17,353

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 1 at December 31, 2020).

Canadian Resources Fund 6.07A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	—	—	71	73	76	—	—	23	19	24
Individual No-Load (IA)	17,593	19,283	23,630	30,477	40,991	5,805	4,580	6,017	6,566	10,821
Individual Back-End Load (IB)	27,414	29,538	34,698	43,756	51,675	9,500	7,368	9,280	9,900	14,337
Managed Money (IC)	664	842	945	1,427	1,473	433	391	463	584	728
75/75 guarantee policy	200,355	162,172	206,428	231,748	266,224	1,841	1,073	1,464	1,391	1,959
75/100 guarantee policy	223,467	228,677	264,605	298,955	277,553	2,002	1,477	1,835	1,757	2,004
100/100 guarantee policy	31,636	41,050	43,688	42,956	48,685	268	252	289	242	338
PS1 75/75 guarantee policy	183,406	131,040	127,834	288,011	253,333	1,729	884	920	1,744	1,870
PS1 75/100 guarantee policy	136,269	150,112	190,576	212,967	148,863	1,260	995	1,350	1,271	1,085
PS1 100/100 guarantee policy	9,981	1,851	1,174	751	4,630	89	12	8	4	33
PS2 75/75 guarantee policy	55,273	46,907	85,136	83,914	104,459	671	397	750	606	897
PS2 75/100 guarantee policy	13,149	7,266	9,555	8,322	10,067	160	62	84	60	86
PS 75/75 guarantee policy	2,514	1,941	2,618	838	—	33	18	26	7	—
PS 75/100 guarantee policy	—	512	1,074	357	—	—	5	11	3	—
PPS 75/75 guarantee policy	4,460	4,371	1,749	—	—	59	41	17	—	—
PPS 75/100 guarantee policy	91	91	—	—	—	1	1	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	—	—	320.24	262.77	312.43	—	—
Individual No-Load (IA)	329.94	237.51	254.64	215.43	263.99	92.43	(17.13)
Individual Back-End Load (IB)	346.53	249.45	267.45	226.27	277.46	97.08	(18.00)
Managed Money (IC)	653.44	463.84	490.37	409.09	494.43	189.60	(26.53)
75/75 guarantee policy	9.19	6.61	7.09	6.00	7.36	2.58	(0.48)
75/100 guarantee policy	8.96	6.46	6.94	5.88	7.22	2.50	(0.48)
100/100 guarantee policy	8.49	6.14	6.62	5.63	6.95	2.35	(0.48)
PS1 75/75 guarantee policy	9.43	6.75	7.20	6.05	7.38	2.68	(0.45)
PS1 75/100 guarantee policy	9.25	6.63	7.08	5.97	7.29	2.62	(0.45)
PS1 100/100 guarantee policy	8.88	6.39	6.85	5.80	7.11	2.49	(0.46)
PS2 75/75 guarantee policy	12.14	8.47	8.80	7.22	8.58	3.67	(0.33)
PS2 75/100 guarantee policy	12.14	8.47	8.80	7.22	8.58	3.67	(0.33)
PS 75/75 guarantee policy	12.96	9.23	9.79	8.19	—	3.73	(0.56)
PS 75/100 guarantee policy	—	9.19	9.76	8.19	—	—	(0.57)
PPS 75/75 guarantee policy	13.21	9.36	9.87	—	—	3.85	(0.51)
PPS 75/100 guarantee policy	13.17	9.33	—	—	—	3.84	(0.51)

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Resources Fund 6.07A

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Canadian Resources Fund 6.07A

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	3.09	3.10	3.10	3.14	3.34
Individual Back-End Load (IB)	3.09	3.10	3.10	3.13	3.12
Managed Money (IC)	1.69	1.70	1.70	1.71	1.82
75/75 guarantee policy	3.09	3.10	3.10	3.12	3.12
75/100 guarantee policy	3.25	3.26	3.26	3.28	3.28
100/100 guarantee policy	3.63	3.64	3.64	3.67	3.66
PS1 75/75 guarantee policy	2.52	2.54	2.54	2.56	2.55
PS1 75/100 guarantee policy	2.69	2.70	2.70	2.71	2.71
PS1 100/100 guarantee policy	3.08	3.06	3.07	3.11	3.11
PS 75/75 guarantee policy	2.01	2.03	2.02	2.02	—
PS 75/100 guarantee policy	—	2.18	2.17	2.18	—
PPS 75/75 guarantee policy	1.45	1.45	1.45	—	—
PPS 75/100 guarantee policy	1.62	1.62	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	146.39	32.63	25.70	38.04	46.95

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
ASIAN GROWTH FUND 8.06A

December 31, 2021

Independent Auditor's Report

To the Contractholders of Asian Growth Fund 8.06A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Asian Growth Fund 8.06A

(in Canadian \$ thousands)

Fund Manager: Canada Life Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 103	\$ 287
Investment income due and accrued	9	4
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	1	—
Investments		
Bonds	—	—
Stocks	10,980	12,705
Investment fund units	—	—
Total investments	10,980	12,705
Total assets	\$ 11,093	\$ 12,996
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	8	28
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	8	28
Net assets attributable to contractholders	\$ 11,085	\$ 12,968

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (444)	\$ 2,319
Miscellaneous income (loss)	(1)	(19)
Total income	(445)	2,300
Expenses		
Management fees (note 7)	295	249
Transaction costs	13	14
Withholding taxes	36	18
Other	31	25
Total expenses	375	306
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (820)	\$ 1,994
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 12,968	\$ 9,939
Contractholder deposits	1,294	3,521
Contractholder withdrawals	(2,357)	(2,486)
Increase (decrease) in net assets from operations attributable to contractholders	(820)	1,994
Change in net assets attributable to contractholders	(1,883)	3,029
Net assets attributable to contractholders - end of year	\$ 11,085	\$ 12,968

Asian Growth Fund 8.06A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (820)	\$ 1,994
Adjustments		
Realized (gains) losses	(87)	(932)
Unrealized (gains) losses	1,031	(1,172)
Gross proceeds of disposition of investments	5,769	7,927
Gross payments for the purchase of investments	(4,988)	(8,710)
Change in investment income due and accrued	(5)	1
Change in due from/to The Canada Life Assurance Company	(20)	28
Change in due from/to outside parties	(1)	1
	<u>879</u>	<u>(863)</u>
Financing Activities		
Contractholder deposits	1,294	3,521
Contractholder withdrawals	(2,357)	(2,486)
	<u>(1,063)</u>	<u>1,035</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(184)	172
Cash, short-term deposits and overdrafts, beginning of year	287	115
Cash, short-term deposits and overdrafts, end of year	\$ 103	\$ 287
Supplementary cash flow information		
Dividend income received	\$ 495	\$ 215

Asian Growth Fund 8.06A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Exchange Traded Funds			
iShares MSCI India ETF	19,000	839	1,103
Total United States Common Stock		839	1,103
Global Common Stock			
Australia			
Australia and New Zealand Banking Group	4,400	110	111
BHP Group Ltd.	3,990	125	152
Commonwealth Bank of Australia	2,060	160	191
CSL Ltd.	470	69	126
Goodman Group REIT	1,240	27	30
Macquarie Group Ltd.	840	98	159
National Australia Bank Ltd.	5,240	122	139
Rio Tinto Ltd.	370	34	34
Santos Ltd.	26,900	139	156
Sonic Healthcare Ltd.	1,522	37	65
Transurban Group Stapled Security	7,190	97	91
Wesfarmers Ltd.	1,920	80	105
Westpac Banking Corp.	4,720	124	93
Woodside Petroleum Ltd.	4,810	118	97
Woolworths Group Ltd.	1,000	30	35
Cayman Islands			
Alibaba Group Holding Ltd. ADR	2,500	544	376
Anta Sports Products Ltd.	2,000	52	38
Baidu Inc. ADR	540	147	102
China Mengniu Dairy Co. Ltd.	5,000	38	36
CK Asset Holdings Ltd.	9,000	75	72
CK Hutchison Holdings Ltd.	9,500	86	78
Helens International Holdings Co. Ltd.	3,000	10	9
Hengan International Group Co. Ltd.	6,000	69	39
Innovent Biologics Inc.	6,000	61	47
JD Logistics Inc.	16,000	101	69
JD.com Inc. ADR	1,570	107	139
Longfor Group Holdings Ltd.	14,500	97	86
Meituan Class B	4,600	160	168
Sea Ltd. ADR	80	28	23

Asian Growth Fund 8.06A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Cayman Islands (continued)			
Shenzhou International Group Holdings Ltd.	3,500	94	85
Sunny Optical Technology Group Co. Ltd.	1,400	42	56
Tencent Holdings Ltd.	8,700	343	645
Topsports International Holdings Ltd.	37,000	70	47
WuXi Biologics (Cayman) Inc.	10,000	120	150
ZTO Express Cayman Inc. ADR	2,230	110	80
China			
Anhui Conch Cement Co. Ltd.	10,000	90	63
China Construction Bank Corp.	104,000	107	91
China International Capital Corp. Ltd.	15,600	52	54
China Merchants Bank Co.	15,000	108	147
CITIC Securities Co. Ltd.	33,000	117	109
Ganfeng Lithium Co. Ltd.	4,200	98	84
Industrial and Commercial Bank of China Ltd.	80,000	67	57
Ping An Insurance (Group) Co. of China Ltd.	13,000	171	118
Postal Savings Bank of China Co. Ltd.	113,000	92	100
Sinopec Shanghai Petrochemical Co. Ltd.	234,000	66	68
WuXi AppTec Co. Ltd.	5,280	82	116
Hong Kong			
AIA Group Ltd.	20,200	226	258
China Resources Beer Holdings Co. Ltd.	6,000	61	62
Galaxy Entertainment Group Ltd.	7,000	56	46
Guangdong Investment Ltd.	36,000	68	58
Hong Kong Exchanges and Clearing Ltd.	2,500	124	185
Sun Hung Kai Properties Ltd.	4,000	74	61
The Hong Kong and China Gas Co. Ltd.	54,600	109	108
Indonesia			
Bank Central Asia TBK PT	100,100	60	65
Bank Rakyat Indonesia Persero TBK PT	198,296	64	73
PT United Tractors TBK	18,200	38	36
Telekomunikasi Indonesia TBK PT	299,000	84	109
Luxembourg			
Lyxor MSCI AC Asia-Pacific ex-Japan UCITS ETF	2,300	219	220

Asian Growth Fund 8.06A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Malaysia			
Public Bank BHD	53,900	121	69
Philippines			
Ayala Corp.	1,170	24	24
International Container Terminal Services Inc.	22,470	61	112
Singapore			
Ascendas REIT	18,800	59	52
DBS Group Holdings Ltd.	1,800	46	55
Oversea-Chinese Banking Corp. Ltd.	3,200	32	34
Singapore Telecommunications Ltd.	34,600	80	75
United Overseas Bank Ltd.	2,300	55	58
South Korea			
E-MART Inc.	140	24	22
Hyundai Motor Co.	170	37	38
Kakao Corp.	710	26	85
KB Financial Group Inc.	1,280	74	75
LG Chem Ltd.	80	44	52
Naver Corp.	290	66	116
POSCO	360	122	104
Samsung Electronics Co. Ltd.	7,800	428	647
Samsung Electronics Co. Ltd. Preference Shares	740	29	56
Samsung SDI Co. Ltd.	100	84	69
Shinhan Financial Group Co. Ltd.	1,630	59	64
SK Hynix Inc.	850	81	118
Taiwan			
ASE Technology Holding Co. Ltd.	18,140	61	88
China Steel Corp.	103,000	99	167
Hon Hai Precision Industry Co. Ltd.	35,000	150	167
MediaTek Inc.	3,000	72	163
Nan Ya Plastics Corp.	37,000	110	145
Taiwan Semiconductor Manufacturing Co. Ltd.	33,000	359	929

Asian Growth Fund 8.06A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Thailand			
CP ALL PCL	17,300	41	39
PTT PCL	25,900	45	37
Total Global Common Stock		8,446	9,877
Total Stocks		9,285	10,980
Transaction Costs (see notes to financial statements (note 2))		(8)	
Total Investments		9,277	10,980

Asian Growth Fund 8.06A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Asian Growth Fund 8.06A (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Asian Growth Fund 8.06A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
Hong Kong Dollar	\$ 3,410	\$ —	\$ 3,410	\$ 34	
United States Dollar	2,043	19	2,062	21	
New Taiwan Dollar	1,659	83	1,742	17	
Australian Dollar	1,584	70	1,654	17	
Other Currencies	2,284	13	2,297	23	
Total	\$ 10,980	\$ 185	\$ 11,165	\$ 112	
As Percent of Net Assets Attributable to Contractholders				100.7%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders	
Hong Kong Dollar	\$ 3,807	\$ —	\$ 3,807	\$ 38	
United States Dollar	2,987	17	3,004	30	
Australian Dollar	1,690	—	1,690	17	
New Taiwan Dollar	1,635	36	1,671	17	
Other Currencies	2,586	12	2,598	26	
Total	\$ 12,705	\$ 65	\$ 12,770	\$ 128	
As Percent of Net Assets Attributable to Contractholders				98.5%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$110 (\$127 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Asian Growth Fund 8.06A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 7,593	\$ 3,387	\$ —	\$ 10,980
Total assets measured at fair value	\$ 7,593	\$ 3,387	\$ —	\$ 10,980

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 3,495	\$ 9,210	\$ —	\$ 12,705
Total assets measured at fair value	\$ 3,495	\$ 9,210	\$ —	\$ 12,705

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

Asian Growth Fund 8.06A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	175	351	351	351	—	92	191	156	135	—
Individual No-Load (IA)	6,884	7,751	9,016	11,363	12,265	3,317	3,986	3,910	4,399	5,295
Individual Back-End Load (IB)	5,301	5,791	6,614	8,498	10,283	2,670	3,114	2,998	3,439	4,645
Managed Money (IC)	236	377	559	759	783	129	217	268	320	363
75/75 guarantee policy	39,479	46,791	30,189	36,819	26,106	860	1,088	592	644	510
75/100 guarantee policy	26,714	28,151	21,240	16,763	15,501	572	644	411	290	300
100/100 guarantee policy	6,183	9,870	10,417	11,484	11,609	125	215	192	190	216
PS1 75/75 guarantee policy	50,235	49,714	17,209	26,145	8,833	1,004	1,055	306	413	155
PS1 75/100 guarantee policy	25,833	19,519	16,837	23,070	17,178	495	399	290	355	294
PS2 75/75 guarantee policy	62,019	54,314	16,857	27,356	17,762	1,590	1,442	366	514	361
PS2 75/100 guarantee policy	7,617	22,322	19,758	26,261	20,335	195	592	429	494	414
PS 75/100 guarantee policy	3,145	2,045	2,065	736	—	36	25	21	7	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	524.90	543.65	444.80	385.25	—	(18.75)	98.85
Individual No-Load (IA)	481.77	514.30	433.67	387.12	431.76	(32.53)	80.63
Individual Back-End Load (IB)	503.66	537.66	453.37	404.71	451.69	(34.00)	84.29
Managed Money (IC)	547.78	576.44	479.16	421.64	463.71	(28.66)	97.28
75/75 guarantee policy	21.77	23.24	19.60	17.50	19.53	(1.47)	3.64
75/100 guarantee policy	21.40	22.89	19.35	17.31	19.36	(1.49)	3.54
100/100 guarantee policy	20.26	21.75	18.44	16.55	18.57	(1.49)	3.31
PS1 75/75 guarantee policy	19.99	21.23	17.81	15.81	17.56	(1.24)	3.42
PS1 75/100 guarantee policy	19.17	20.44	17.23	15.37	17.14	(1.27)	3.21
PS2 75/75 guarantee policy	25.64	26.54	21.71	18.80	20.35	(0.90)	4.83
PS2 75/100 guarantee policy	25.63	26.54	21.71	18.80	20.35	(0.91)	4.83
PS 75/100 guarantee policy	11.38	12.04	10.07	8.91	—	(0.66)	1.97

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

Asian Growth Fund 8.06A

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Asian Growth Fund 8.06A

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	3.06	3.05	3.06	3.07	3.27
Individual Back-End Load (IB)	3.06	3.05	3.06	3.07	3.05
Managed Money (IC)	1.62	1.62	1.62	1.63	1.73
75/75 guarantee policy	3.06	3.04	3.06	3.06	3.05
75/100 guarantee policy	3.28	3.26	3.28	3.28	3.27
100/100 guarantee policy	3.62	3.60	3.61	3.62	3.60
PS1 75/75 guarantee policy	2.54	2.52	2.54	2.53	2.53
PS1 75/100 guarantee policy	2.97	2.97	2.99	2.98	2.96
PS 75/100 guarantee policy	2.17	2.17	2.17	2.17	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	37.34	72.83	75.89	87.55	136.06

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
GROWTH & INCOME FUND 6.10A**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Growth & Income Fund 6.10A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Growth & Income Fund 6.10A

(in Canadian \$ thousands)

Fund Manager: Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	68	73
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	18,253	21,778
Total investments	18,253	21,778
Total assets	\$ 18,321	\$ 21,851
Liabilities		
Overdrafts	\$ 106	\$ 27
Due to The Canada Life Assurance Company (note 8)	9	12
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	115	39
Net assets attributable to contractholders	\$ 18,206	\$ 21,812

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,237	\$ 1,505
Miscellaneous income (loss)	—	51
Total income	1,237	1,556
Expenses		
Management fees (note 8)	441	466
Other	42	42
Total expenses	483	508
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 754	\$ 1,048

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 21,812	\$ 22,560
Contractholder deposits	965	2,032
Contractholder withdrawals	(5,325)	(3,828)
Increase (decrease) in net assets from operations attributable to contractholders	754	1,048
Change in net assets attributable to contractholders	(3,606)	(748)
Net assets attributable to contractholders - end of year	\$ 18,206	\$ 21,812

Growth & Income Fund 6.10A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 754	\$ 1,048
Adjustments		
Realized (gains) losses	(2,255)	(75)
Unrealized (gains) losses	1,485	(465)
Gross proceeds of disposition of investments	25,072	5,373
Gross payments for the purchase of investments	(20,310)	(3,015)
Distribution income of underlying mutual fund	(467)	(965)
Change in due from/to The Canada Life Assurance Company	(3)	(4)
Change in due from/to brokers	5	(40)
	<u>4,281</u>	<u>1,857</u>
Financing Activities		
Contractholder deposits	965	2,032
Contractholder withdrawals	(5,325)	(3,828)
	<u>(4,360)</u>	<u>(1,796)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(79)	61
Cash, short-term deposits and overdrafts, beginning of year	<u>(27)</u>	<u>(88)</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ (106)</u>	<u>\$ (27)</u>

Growth & Income Fund 6.10A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Canada Life Sustainable Conservative Portfolio Fund Series S *	1,826,802	18,362	18,253
Total Investments		18,362	18,253

Top Holdings

Underlying fund: Canada Life International Equity Fund

Security Description	% of Total
Nestle SA	3.42%
Novo Nordisk AS	2.98%
ASML Holding NV	2.91%
LVMH Moet Hennessy Louis Vuitton SE	2.62%
TotalEnergies SE	2.53%

Underlying fund: Canada Life Sustainable Global Bond Fund

Security Description	% of Total
Cash and short-term deposits	9.83%
Government of Italy 0.90% 08-01-2022	7.12%
Government of Canada 1.50% 06-01-2023	5.09%
Government of France 0% 03-25-2023	5.08%
United States Treasury 0.38% 01-31-2026	3.64%

Underlying fund: Canada Life Sustainable Global Equity Fund

Security Description	% of Total
Microsoft Corp.	6.17%
Amazon.com Inc.	4.02%
Alphabet Inc. Class A	3.85%
UnitedHealth Group Inc.	3.44%
Walmart de Mexico SAB de CV	2.72%

*The issuer of this security is a related company to the issuer of the Fund.

Growth & Income Fund 6.10A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Top Holdings (continued)			

Underlying fund: Canada Life Sustainable U.S. Equity Fund

Security Description	% of Total
Apple Inc.	6.92%
Microsoft Corp.	6.71%
Amazon.com Inc.	3.83%
Alphabet Inc. Class A	2.44%
Alphabet Inc. Class C	2.16%

Growth & Income Fund 6.10A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	9,964	11,735	12,813	14,449	17,659	5,314	6,040	6,244	6,389	7,996
Individual Back-End Load (IB)	10,948	14,195	14,585	16,313	19,049	6,132	7,674	7,465	7,575	9,066
Managed Money (IC)	1,694	1,742	2,085	2,576	2,833	994	974	1,088	1,202	1,335
75/75 guarantee policy	45,079	82,813	54,930	63,001	62,110	734	1,302	817	850	859
75/100 guarantee policy	60,075	61,349	78,161	83,531	83,552	964	951	1,148	1,114	1,143
100/100 guarantee policy	46,421	49,160	81,421	78,307	82,555	725	743	1,169	1,023	1,109
PS1 75/75 guarantee policy	40,486	82,652	59,299	49,399	59,654	699	1,372	928	699	861
PS1 75/100 guarantee policy	23,907	35,307	43,289	36,001	26,380	406	578	669	504	377
PS1 100/100 guarantee policy	29,935	30,658	90,394	96,669	102,319	498	492	1,375	1,334	1,446
PS2 75/75 guarantee policy	46,293	47,354	52,851	50,098	46,408	1,007	967	994	831	767
PS2 75/100 guarantee policy	27,847	29,673	27,780	26,843	8,945	606	606	522	446	148
PS 75/100 guarantee policy	4,140	6,056	11,402	3,151	—	49	69	122	30	—
PPS 75/75 guarantee policy	1,710	1,719	1,728	—	—	21	20	19	—	—
PPS 75/100 guarantee policy	4,762	2,106	—	—	—	57	24	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	533.27	514.71	487.33	442.16	452.81	18.56	27.38
Individual Back-End Load (IB)	560.07	540.59	511.82	464.39	475.90	19.48	28.77
Managed Money (IC)	586.99	558.82	521.65	466.64	471.29	28.17	37.17
75/75 guarantee policy	16.28	15.71	14.87	13.50	13.83	0.57	0.84
75/100 guarantee policy	16.05	15.50	14.68	13.33	13.67	0.55	0.82
100/100 guarantee policy	15.61	15.12	14.36	13.07	13.43	0.49	0.76
PS1 75/75 guarantee policy	17.27	16.60	15.66	14.15	14.44	0.67	0.94
PS1 75/100 guarantee policy	17.00	16.37	15.46	13.99	14.31	0.63	0.91
PS1 100/100 guarantee policy	16.65	16.06	15.21	13.79	14.13	0.59	0.85
PS2 75/75 guarantee policy	21.75	20.43	18.81	16.60	16.53	1.32	1.62
PS2 75/100 guarantee policy	21.75	20.43	18.81	16.59	16.53	1.32	1.62
PS 75/100 guarantee policy	11.94	11.41	10.69	9.60	—	0.53	0.72
PPS 75/75 guarantee policy	12.12	11.53	10.76	—	—	0.59	0.77
PPS 75/100 guarantee policy	12.06	11.49	—	—	—	0.57	0.76

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Growth & Income Fund 6.10A (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

Growth & Income Fund 6.10A

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

Growth & Income Fund 6.10A

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.74	2.80	2.81	2.83	3.04
Individual Back-End Load (IB)	2.74	2.80	2.81	2.82	2.82
Managed Money (IC)	1.35	1.38	1.39	1.39	1.50
75/75 guarantee policy	2.76	2.79	2.81	2.82	2.82
75/100 guarantee policy	2.81	2.85	2.86	2.90	2.96
100/100 guarantee policy	3.06	3.11	3.11	3.12	3.13
PS1 75/75 guarantee policy	2.37	2.39	2.40	2.42	2.41
PS1 75/100 guarantee policy	2.52	2.56	2.57	2.57	2.57
PS1 100/100 guarantee policy	2.71	2.80	2.79	2.80	2.80
PS 75/100 guarantee policy	1.75	1.77	1.77	1.76	—
PPS 75/75 guarantee policy	1.28	1.31	1.31	—	—
PPS 75/100 guarantee policy	1.43	1.46	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	102.71	14.72	10.76	9.37	23.18

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AMERICAN GROWTH FUND 8.05A

December 31, 2021

Independent Auditor's Report

To the Contractholders of American Growth Fund 8.05A (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

American Growth Fund 8.05A

(in Canadian \$ thousands)

Fund Manager: AGF Investments Inc.

Statement of Financial Position

	31 December 2021	31 December 2020
Assets		
Cash and short-term deposits	\$ 14,612	\$ 4,405
Investment income due and accrued	15	8
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	163,902	145,299
Investment fund units	—	—
Total investments	163,902	145,299
Total assets	\$ 178,529	\$ 149,712
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	81	29
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	81	29
Net assets attributable to contractholders	\$ 178,448	\$ 149,683

Statement of Comprehensive Income

For the years ended	31 December 2021	31 December 2020
Income		
Net gain (loss) on investments	\$ 37,071	\$ 48,927
Miscellaneous income (loss)	(34)	(346)
Total income	37,037	48,581
Expenses		
Management fees (note 7)	2,394	1,870
Transaction costs	48	78
Withholding taxes	263	124
Other	229	180
Total expenses	2,934	2,252
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 34,103	\$ 46,329

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	31 December 2021	31 December 2020
Net assets attributable to contractholders - beginning of year	\$ 149,683	\$ 117,819
Contractholder deposits	25,947	17,587
Contractholder withdrawals	(31,285)	(32,052)
Increase (decrease) in net assets from operations attributable to contractholders	34,103	46,329
Change in net assets attributable to contractholders	28,765	31,864
Net assets attributable to contractholders - end of year	\$ 178,448	\$ 149,683

American Growth Fund 8.05A

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 34,103	\$ 46,329
Adjustments		
Realized (gains) losses	(21,951)	(34,430)
Unrealized (gains) losses	(13,315)	(13,648)
Gross proceeds of disposition of investments	95,338	141,885
Gross payments for the purchase of investments	(78,675)	(126,588)
Change in investment income due and accrued	(7)	(8)
Change in due from/to The Canada Life Assurance Company	52	(10)
	<u>15,545</u>	<u>13,530</u>
Financing Activities		
Contractholder deposits	25,947	17,587
Contractholder withdrawals	(31,285)	(32,052)
	<u>(5,338)</u>	<u>(14,465)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	10,207	(935)
Cash, short-term deposits and overdrafts, beginning of year	4,405	5,340
Cash, short-term deposits and overdrafts, end of year	\$ 14,612	\$ 4,405
Supplementary cash flow information		
Dividend income received	\$ 1,798	\$ 828

American Growth Fund 8.05A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
United States Common Stock			
Consumer Discretionary			
Amazon.com Inc.	2,541	3,416	10,719
Hilton Worldwide Holdings Inc.	36,219	4,768	7,147
Roku Inc.	6,162	1,110	1,779
Tapestry Inc.	55,770	3,210	2,864
Ulta Beauty Inc.	7,347	2,290	3,832
Consumer Staples			
Constellation Brands Inc. Class A	18,266	4,975	5,799
Energy			
Cheniere Energy Inc.	56,321	5,448	7,205
Marathon Petroleum Corp.	67,303	3,669	5,448
Valero Energy Corp.	50,354	4,208	4,784
Financials			
Ameriprise Financial Inc.	17,352	5,144	6,622
Morgan Stanley	54,572	4,581	6,776
Primerica Inc.	21,468	3,113	4,162
The Blackstone Group Inc.	25,048	2,174	4,100
The Goldman Sachs Group Inc.	11,547	3,657	5,588
Health Care			
Laboratory Corp. of America Holdings	9,965	3,051	3,961
UnitedHealth Group Inc.	12,355	3,707	7,848
Industrials			
Cintas Corp.	8,502	3,979	4,766
Jacobs Engineering Group Inc.	14,013	1,516	2,468
Parker Hannifin Corp.	9,299	3,563	3,742
W.W. Grainger Inc.	7,109	3,241	4,661
Information Technology			
Advanced Micro Devices Inc.	26,021	1,606	4,737
Applied Materials Inc.	23,204	3,716	4,619
Corning Inc.	41,088	2,250	1,935
Lam Research Corp.	4,427	3,114	4,027
Marvell Technology Inc.	49,366	3,947	5,464

American Growth Fund 8.05A

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock (continued)			
Information Technology (continued)			
NVIDIA Corp.	17,676	2,281	6,576
Palo Alto Networks Inc.	6,749	4,200	4,754
Qualcomm Inc.	30,269	5,436	7,002
Teradyne Inc.	21,011	2,578	4,346
Materials			
Albemarle Corp.	17,640	3,507	5,217
Corteva Inc.	59,918	2,839	3,584
Utilities			
The AES Corp.	117,530	3,447	3,613
Total United States Common Stock		109,741	160,145
Global Common Stock			
Tokelau			
Sony Group Corp. ADR	23,491	2,800	3,757
Total Global Common Stock		2,800	3,757
Total Stocks		112,541	163,902
Transaction Costs (see notes to financial statements (note 2))		(36)	
Total Investments		112,505	163,902

American Growth Fund 8.05A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the American Growth Fund 8.05A (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

American Growth Fund 8.05A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 163,902	\$ 14,157	\$ 178,059	\$ 1,781
Total	\$ 163,902	\$ 14,157	\$ 178,059	\$ 1,781
As Percent of Net Assets Attributable to Contractholders				99.8%
				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 145,299	\$ 839	\$ 146,138	\$ 1,461
Total	\$ 145,299	\$ 839	\$ 146,138	\$ 1,461
As Percent of Net Assets Attributable to Contractholders				97.6%
				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,639 (\$1,453 at December 31, 2020) or approximately 0.9% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

American Growth Fund 8.05A

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 163,902	\$ —	\$ —	\$ 163,902
Total assets measured at fair value	\$ 163,902	\$ —	\$ —	\$ 163,902

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 145,299	\$ —	\$ —	\$ 145,299
Total assets measured at fair value	\$ 145,299	\$ —	\$ —	\$ 145,299

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

American Growth Fund 8.05A

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	2,711	2,859	3,406	4,874	5,106	2,527	2,151	1,739	2,163	2,152
Individual No-Load (IA)	19,159	21,578	24,225	33,149	35,078	16,564	15,510	12,172	14,912	15,430
Individual Back-End Load (IB)	26,677	29,400	37,880	45,591	46,062	24,121	22,100	19,906	21,448	21,206
Managed Money (IC)	6,800	7,083	8,535	10,241	10,495	4,791	4,090	3,397	3,597	3,553
75/75 guarantee policy	183,419	198,479	214,595	236,135	218,976	11,196	10,072	7,613	7,499	6,806
75/100 guarantee policy	246,987	251,454	274,059	305,686	255,003	14,735	12,505	9,553	9,564	7,825
100/100 guarantee policy	33,960	36,603	33,936	41,051	34,493	1,926	1,737	1,133	1,235	1,021
PS1 75/75 guarantee policy	208,931	215,903	199,807	235,976	239,121	10,227	8,751	5,639	5,938	5,862
PS1 75/100 guarantee policy	233,044	189,624	233,304	228,593	140,088	11,109	7,505	6,447	5,648	3,381
PS1 100/100 guarantee policy	15,431	11,299	12,024	14,170	18,579	709	433	323	341	439
PS2 75/75 guarantee policy	79,367	83,833	56,869	80,663	66,878	4,982	4,246	1,955	2,409	1,896
PS2 75/100 guarantee policy	125,992	150,512	164,825	228,531	186,217	7,907	7,623	5,665	6,825	5,279
PS 75/75 guarantee policy	6,788	8,101	10,388	2,767	—	118	116	103	24	—
PS 75/100 guarantee policy	10,523	17,823	21,147	2,593	—	181	253	208	23	—
PPS 75/75 guarantee policy	47,550	44,709	32,257	—	—	838	645	321	—	—
PPS 75/100 guarantee policy	16,095	15,443	122	—	—	281	221	1	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	931.95	752.31	510.67	443.90	421.50	179.64	241.64
Individual No-Load (IA)	864.55	718.77	502.47	449.83	439.89	145.78	216.30
Individual Back-End Load (IB)	904.19	751.72	525.51	470.45	460.38	152.47	226.21
Managed Money (IC)	704.55	577.46	397.99	351.26	338.57	127.09	179.47
75/75 guarantee policy	61.04	50.75	35.48	31.76	31.08	10.29	15.27
75/100 guarantee policy	59.66	49.73	34.86	31.29	30.69	9.93	14.87
100/100 guarantee policy	56.71	47.45	33.38	30.07	29.61	9.26	14.07
PS1 75/75 guarantee policy	48.95	40.53	28.22	25.16	24.51	8.42	12.31
PS1 75/100 guarantee policy	47.67	39.58	27.63	24.71	24.14	8.09	11.95
PS1 100/100 guarantee policy	45.94	38.29	26.84	24.09	23.62	7.65	11.45
PS2 75/75 guarantee policy	62.77	50.65	34.37	29.87	28.35	12.12	16.28
PS2 75/100 guarantee policy	62.76	50.65	34.37	29.87	28.35	12.11	16.28
PS 75/75 guarantee policy	17.40	14.31	9.90	8.76	—	3.09	4.41
PS 75/100 guarantee policy	17.21	14.19	9.84	8.73	—	3.02	4.35
PPS 75/75 guarantee policy	17.62	14.43	9.94	—	—	3.19	4.49
PPS 75/100 guarantee policy	17.45	14.33	9.90	—	—	3.12	4.43

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

American Growth Fund 8.05A

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

American Growth Fund 8.05A

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.98	2.98	2.99	3.05	3.33
Individual Back-End Load (IB)	2.98	2.98	2.98	3.05	3.11
Managed Money (IC)	1.55	1.55	1.56	1.57	1.68
75/75 guarantee policy	2.98	2.98	2.98	3.04	3.11
75/100 guarantee policy	3.24	3.24	3.25	3.27	3.26
100/100 guarantee policy	3.61	3.61	3.62	3.65	3.64
PS1 75/75 guarantee policy	2.57	2.57	2.58	2.60	2.59
PS1 75/100 guarantee policy	2.84	2.85	2.85	2.87	2.86
PS1 100/100 guarantee policy	3.22	3.23	3.23	3.27	3.25
PS 75/75 guarantee policy	1.88	1.88	1.88	1.89	—
PS 75/100 guarantee policy	2.15	2.15	2.14	2.16	—
PPS 75/75 guarantee policy	1.48	1.48	1.48	—	—
PPS 75/100 guarantee policy	1.75	1.73	1.75	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	47.25	104.08	51.94	75.97	52.62

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY

BOND FUND 6.16L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Bond Fund 6.16L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Bond Fund 6.16L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,507	\$ 2,703
Investment income due and accrued	791	1,011
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	159,557	198,971
Stocks	2,585	—
Investment fund units	—	—
Total investments	<u>162,142</u>	<u>198,971</u>
Total assets	<u>\$ 164,440</u>	<u>\$ 202,685</u>
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	50	179
Due to brokers	—	—
Due to outside parties	—	—
Derivatives (note 7)	52	—
Total liabilities excluding net assets attributable to contractholders	<u>102</u>	<u>179</u>
Net assets attributable to contractholders	<u>\$ 164,338</u>	<u>\$ 202,506</u>

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (5,222)	\$ 17,185
Miscellaneous income (loss)	65	75
Total income	<u>(5,157)</u>	<u>17,260</u>
Expenses		
Management fees (note 8)	561	689
Transaction costs	—	—
Withholding taxes	—	—
Other	66	75
Total expenses	<u>627</u>	<u>764</u>
Net increase (decrease) in net assets from operations attributable to contractholders	<u>\$ (5,784)</u>	<u>\$ 16,496</u>

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 202,506	\$ 206,188
Contractholder deposits	19,662	20,375
Contractholder withdrawals	(52,046)	(40,553)
Increase (decrease) in net assets from operations attributable to contractholders	<u>(5,784)</u>	<u>16,496</u>
Change in net assets attributable to contractholders	<u>(38,168)</u>	<u>(3,682)</u>
Net assets attributable to contractholders - end of year	<u>\$ 164,338</u>	<u>\$ 202,506</u>

Bond Fund 6.16L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (5,784)	\$ 16,496
Adjustments		
Add back amortization of premium (discount)	(172)	—
Realized (gains) losses	(5,673)	(637)
Unrealized (gains) losses	15,684	(10,549)
Gross proceeds of disposition of investments	207,528	45,957
Gross payments for the purchase of investments	(180,486)	(29,211)
Change in investment income due and accrued	220	90
Change in due from/to The Canada Life Assurance Company	(129)	321
	<u>31,188</u>	<u>22,467</u>
Financing Activities		
Contractholder deposits	19,662	20,375
Contractholder withdrawals	(52,046)	(40,553)
	<u>(32,384)</u>	<u>(20,178)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,196)	2,289
Cash, short-term deposits and overdrafts, beginning of year	2,703	414
Cash, short-term deposits and overdrafts, end of year	<u>\$ 1,507</u>	<u>\$ 2,703</u>
Supplementary cash flow information		
Interest income received	\$ 4,726	\$ 6,084
Dividend income received	97	—

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.95% 12-15-2025	1,270,000	1,320	1,295
Canada Housing Trust No. 1 Floating Rate 09-15-2026	2,300,000	2,300	2,305
Government of Canada 0.75% 10-01-2024	3,107,000	3,060	3,079
Government of Canada 1.00% 09-01-2026	8,141,000	8,012	8,048
Government of Canada 1.50% 06-01-2031	2,839,000	2,817	2,859
Government of Canada 1.75% 12-01-2053	61,000	60	62
Government of Canada 2.00% 12-01-2051	1,910,000	2,000	2,055
Government of Canada 3.00% 12-01-2036 Real Return	2,849,000	5,615	5,979
Total Federal Government		25,184	25,682
Provincial Governments			
Ontario Power Generation Inc. 3.215% 04-08-2030	150,000	160	159
Province of Alberta 2.55% 06-01-2027	1,590,000	1,569	1,661
Province of Alberta 2.95% 06-01-2052	1,160,000	1,188	1,261
Province of Alberta 3.05% 12-01-2048	465,000	483	509
Province of Alberta 3.10% 06-01-2050	1,213,000	1,280	1,348
Province of British Columbia 1.55% 06-18-2031	2,720,000	2,578	2,621
Province of British Columbia 2.75% 06-18-2052	20,000	20	22
Province of British Columbia 2.80% 06-18-2048	200,000	203	215
Province of British Columbia 2.85% 06-18-2025	1,800,000	1,841	1,888
Province of British Columbia 2.95% 06-18-2050	2,722,000	2,902	3,022
Province of Manitoba 2.05% 09-05-2052	435,000	355	392
Province of Manitoba 3.20% 03-05-2050	775,000	826	879
Province of Manitoba 5.70% 03-05-2037	630,000	737	891
Province of New Brunswick 4.55% 03-26-2037	705,000	674	893
Province of New Brunswick 5.50% 01-27-2034	325,000	351	434
Province of Nova Scotia 4.50% 06-01-2037	245,000	237	311
Province of Ontario 1.55% 11-01-2029	1,102,000	1,099	1,077
Province of Ontario 1.90% 12-02-2051	3,047,000	2,502	2,695
Province of Ontario 2.25% 12-02-2031	1,812,000	1,810	1,839
Province of Ontario 2.65% 12-02-2050	376,000	389	391
Province of Ontario 3.45% 06-02-2045	1,050,000	1,199	1,232
Province of Quebec 1.50% 09-01-2031	3,818,000	3,790	3,651
Province of Quebec 3.10% 12-01-2051	2,972,000	3,304	3,407
Province of Quebec 3.50% 12-01-2048	310,000	358	375
Province of Quebec 4.25% 12-01-2043	1,650,000	1,816	2,161

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Provincial Governments (continued)			
Province of Saskatchewan 2.80% 12-02-2052	828,000	838	879
Province of Saskatchewan 3.10% 06-02-2050	1,390,000	1,473	1,548
Total Provincial Governments		33,982	35,761
Corporate - Non-convertible			
407 International Inc. 1.80% 05-22-2025	1,000,000	1,022	1,005
407 International Inc. 4.19% 04-25-2042	725,000	750	852
407 International Inc. 5.96% 12-03-2035	758,000	987	1,031
Aeroports de Montreal 3.03% 04-21-2050	690,000	728	693
AIMCo Realty Investors LP 2.195% 11-04-2026	117,000	117	118
Algonquin Power & Utilities Corp. 4.09% 02-17-2027	31,000	35	34
Algonquin Power Co. 2.85% 07-15-2031	119,000	119	120
Allied Properties REIT 1.726% 02-12-2026	55,000	55	54
AltaGas Ltd. 2.166% 03-16-2027	90,000	90	89
AltaLink LP 3.717% 12-03-2046	700,000	688	796
AltaLink LP 3.99% 06-30-2042	270,000	313	314
ARC Resources Ltd. 2.354% 03-10-2026	170,000	170	170
ARC Resources Ltd. 3.465% 03-10-2031	175,000	175	179
Bank of Montreal 1.551% 05-28-2026	222,000	222	218
Bank of Montreal 1.758% 03-10-2026	304,000	304	302
Bank of Montreal 1.928% 07-22-2031	192,000	192	189
Bank of Montreal 2.37% 02-03-2025	520,000	540	529
Bank of Montreal 4.61% 09-10-2025	1,980,000	2,106	2,188
BCI QuadReal Realty 1.056% 03-12-2024	90,000	90	89
BCI QuadReal Realty 1.073% 02-04-2026	137,000	137	133
Bell Canada Inc. 1.65% 08-16-2027	75,000	73	72
Bell Canada Inc. 2.20% 05-29-2028	160,000	160	158
Bell Canada Inc. 2.90% 09-10-2029	373,000	381	382
Bell Canada Inc. 3.50% 09-30-2050	82,000	84	79
Bell Canada Inc. 4.45% 02-27-2047	30,000	35	34
BMW Canada Inc. 0.99% 01-14-2025	83,000	83	81
British Columbia Ferry Services Inc. 4.289% 04-28-2044	1,050,000	1,212	1,290
Brookfield Infrastructure Finance ULC 2.855% 09-01-2032	650,000	629	636
Brookfield Renewable Energy Partners LP 3.63% 01-15-2027	112,000	126	119
Brookfield Renewable Partners ULC 3.33% 08-13-2050	130,000	121	128
Brookfield Renewable Partners ULC 3.38% 01-15-2030	38,000	41	40

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Brookfield Renewable Partners ULC 4.25% 01-15-2029	477,000	544	532
Bruce Power LP 4.132% 06-21-2033	524,000	524	581
Calgary Airport Authority 3.199% 10-07-2036	56,000	56	58
Canada Housing Trust No. 1 Floating Rate 03-15-2026	7,600,000	7,627	7,622
Canada Housing Trust No. 1 Floating Rate 09-15-2024	2,500,000	2,519	2,516
Canadian Imperial Bank of Commerce 1.10% 01-19-2026	1,410,000	1,407	1,364
Canadian Imperial Bank of Commerce 1.96% 04-21-2031	290,000	290	286
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	1,754,000	1,788	1,763
Canadian Imperial Bank of Commerce 4.00% 01-28-2082	141,000	141	139
Canadian Imperial Bank of Commerce Floating Rate 03-04-2025	397,000	397	397
Canadian Imperial Bank of Commerce Floating Rate 06-10-2024	73,000	73	73
Canadian Imperial Bank of Commerce Floating Rate 07-15-2026	241,000	241	241
Canadian National Railway Co. 3.00% 02-08-2029	1,540,000	1,587	1,617
Canadian Natural Resources Ltd. 3.55% 06-03-2024	1,555,000	1,557	1,613
Canadian Pacific Railway Ltd. 2.54% 02-28-2028	292,000	292	297
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	635,000	627	735
Canadian Western Bank 1.926% 04-16-2026	174,000	174	172
Canadian Western Bank 2.606% 01-30-2025	77,000	79	79
Canadian Western Bank Floating Rate 01-22-2024	260,000	260	260
Capital Power Corp. 4.284% 09-18-2024	190,000	210	201
CDP Financial Inc. 1.50% 10-19-2026	320,000	319	319
CGI Inc. 2.10% 09-18-2028	84,000	84	83
Choice Properties REIT 2.456% 11-30-2026	65,000	65	66
Choice Properties REIT 2.848% 05-21-2027	126,000	129	129
Cogeco Communications Inc. 2.991% 09-22-2031	169,000	168	168
Crombie REIT 2.686% 03-31-2028	255,000	255	255
Crombie REIT 3.133% 08-12-2031	61,000	61	60
CU Inc. 4.085% 09-02-2044	110,000	123	129
CU Inc. 4.543% 10-24-2041	775,000	838	952
CU Inc. 5.556% 10-30-2037	350,000	445	468
Dream Industrial REIT 1.662% 12-22-2025	80,000	80	79
Dream Industrial REIT 2.057% 06-17-2027	103,000	103	101
Dream Industrial REIT 2.539% 12-07-2026	84,000	84	85
Enbridge Gas Inc. 2.90% 04-01-2030	219,000	228	229
Enbridge Gas Inc. 3.20% 09-15-2051	68,000	68	70
Enbridge Gas Inc. 3.65% 04-01-2050	20,000	22	22
Enbridge Inc. 3.10% 09-21-2033	255,000	254	252

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Enbridge Inc. 5.375% 09-27-2077	1,359,000	1,430	1,438
Enbridge Inc. 6.625% 04-12-2078	630,000	732	714
Enbridge Pipelines Inc. 4.33% 02-22-2049	100,000	105	108
Enbridge Pipelines Inc. 5.33% 04-06-2040	900,000	1,011	1,078
Energir Inc. 2.10% 04-16-2027	274,000	281	277
Fairfax Financial Holdings Ltd. 3.95% 03-03-2031	330,000	331	344
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027	360,000	389	386
Federation des Caisses Desjardins du Quebec 1.587% 09-10-2026	126,000	126	124
Federation des Caisses Desjardins du Quebec 2.856% 05-26-2030	250,000	266	256
Fortified Trust 1.964% 10-23-2026	272,000	272	273
Granite REIT Holdings LP 2.194% 08-30-2028	139,000	139	137
Greater Toronto Airports Authority 2.75% 10-17-2039	1,050,000	1,057	1,035
Greater Toronto Airports Authority 3.04% 09-21-2022	350,000	349	354
Greater Toronto Airports Authority 5.30% 02-25-2041	850,000	999	1,145
Greater Toronto Airports Authority 6.47% 02-02-2034	324,000	411	446
Greater Toronto Airports Authority 6.98% 10-15-2032	805,000	1,039	1,122
H&R REIT 2.633% 02-19-2027	208,000	209	208
H&R REIT 2.906% 06-02-2026	391,000	400	397
H&R REIT 4.071% 06-16-2025	385,000	415	407
Honda Canada Finance Inc. 1.337% 03-17-2026	175,000	175	170
Honda Canada Finance Inc. 1.646% 02-25-2028	220,000	220	213
Honda Canada Finance Inc. Floating Rate 02-26-2024	212,000	212	212
Hydro One Inc. 2.23% 09-17-2031	187,000	187	185
Hydro One Inc. 3.10% 09-15-2051	50,000	48	51
Hydro One Inc. 4.39% 09-26-2041	1,249,000	1,365	1,510
Hydro One Inc. 5.36% 05-20-2036	700,000	750	912
Hyundai Capital Canada Inc. 2.008% 05-12-2026	100,000	100	99
Intact Financial Corp. 2.179% 05-18-2028	104,000	104	104
Intact Financial Corp. 4.125% 03-31-2081	40,000	40	41
Inter Pipeline Ltd. 2.608% 09-13-2023	810,000	835	820
Inter Pipeline Ltd. 3.484% 12-16-2026	234,000	248	242
Interprovincial Pipe Line Ltd. 8.20% 02-15-2024	305,000	403	344
John Deere Financial Inc. 1.63% 04-09-2026	48,000	48	47
Keyera Corp. 3.959% 05-29-2030	220,000	234	234
Laurentian Bank of Canada 1.15% 06-03-2024	148,000	148	146
Laurentian Bank of Canada 1.603% 05-06-2026	41,000	41	41
Loblaw Companies Ltd. 6.85% 03-01-2032	510,000	568	666

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Lower Mattagami Energy LP 2.433% 05-14-2031	132,000	132	134
Manulife Bank of Canada 1.536% 09-14-2026	194,000	194	190
Manulife Financial Corp. 3.375% 06-19-2081	370,000	370	359
Manulife Financial Corp. 4.10% 03-19-2082	145,000	145	144
Morgan Stanley Floating Rate 03-21-2025	909,000	910	911
National Bank of Canada 1.534% 06-15-2026	119,000	119	117
National Bank of Canada 2.237% 11-04-2026	165,000	165	166
National Bank of Canada 2.545% 07-12-2024	2,418,000	2,527	2,470
National Bank of Canada 2.58% 02-03-2025	658,000	670	673
North West Redwater Partnership 2.80% 06-01-2027	1,593,000	1,657	1,636
North West Redwater Partnership 3.20% 04-24-2026	2,000,000	2,038	2,087
North West Redwater Partnership 3.70% 02-23-2043	705,000	666	730
North West Redwater Partnership/NWR Financing Co. Ltd. 2.80% 06-01-2031	287,000	286	288
Ottawa MacDonald-Cartier International Airport Authority 6.973% 05-25-2032	125,709	150	154
Pembina Pipeline Corp. 3.53% 12-10-2031	101,000	101	103
Pembina Pipeline Corp. 4.54% 04-03-2049	30,000	31	32
Pembina Pipeline Corp. 4.67% 05-28-2050	40,000	42	43
Pembina Pipeline Corp. 4.74% 01-21-2047	53,000	58	58
Pembina Pipeline Corp. 4.75% 03-26-2048	669,000	704	732
Pembina Pipeline Corp. 4.81% 03-25-2044	567,000	602	621
Prime Structured Mortgage Trust 1.856% 11-15-2024	175,000	175	175
Reliance LP 2.67% 08-01-2028	144,000	144	144
Reliance LP 2.68% 12-01-2027	182,000	184	183
RioCan REIT 2.829% 11-08-2028	58,000	58	58
Royal Bank of Canada 1.67% 01-28-2033	290,000	290	277
Royal Bank of Canada 1.833% 07-31-2028	305,000	305	298
Royal Bank of Canada 2.088% 06-30-2030	2,235,000	2,270	2,235
Royal Bank of Canada 2.14% 11-03-2031	236,000	236	234
Royal Bank of Canada 2.328% 01-28-2027	1,208,000	1,246	1,222
Sagen MI Canada Inc. 3.261% 03-05-2031	135,000	135	137
Sagen MI Canada Inc. 4.95% 03-24-2081	92,000	92	93
Saputo Inc. 2.297% 06-22-2028	71,000	71	70
Saputo Inc. 2.876% 11-19-2024	2,459,000	2,569	2,524
Sienna Senior Living Inc. 2.82% 03-31-2027	48,000	48	49
Summit Industrial Income REIT 2.25% 01-12-2027	72,000	72	72
Summit Industrial Income REIT 2.44% 07-14-2028	69,000	69	68
Sun Life Financial Inc. 2.58% 05-10-2032	2,170,000	2,230	2,208

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
Sun Life Financial Inc. 2.80% 11-21-2033	259,000	259	265
Sun Life Financial Inc. 3.60% 06-30-2081	163,000	163	160
Sun Life Financial Inc. Floating Rate 09-19-2028	1,500,000	1,509	1,538
Suncor Energy Inc. 3.10% 05-24-2029	650,000	678	669
Suncor Energy Inc. 3.95% 03-04-2051	108,000	107	109
TELUS Corp. 2.05% 10-07-2030	363,000	341	344
TELUS Corp. 2.85% 11-13-2031	112,000	112	112
TELUS Corp. 3.15% 02-19-2030	134,000	142	139
TELUS Corp. 3.30% 05-02-2029	363,000	383	381
TELUS Corp. 3.95% 02-16-2050	249,000	265	254
TELUS Corp. 4.85% 04-05-2044	495,000	601	571
The 55 School Board Trust 5.90% 06-02-2033	482,000	503	643
The Bank of Nova Scotia 1.40% 11-01-2027	580,000	564	557
The Bank of Nova Scotia 2.16% 02-03-2025	122,000	128	123
The Bank of Nova Scotia 3.10% 02-02-2028	1,110,000	1,102	1,182
The Bank of Nova Scotia 3.70% 07-27-2081	292,000	292	286
The Bank of Nova Scotia Floating Rate 08-04-2026	292,000	292	292
The Empire Life Insurance Co. 3.625% 04-17-2026	73,000	73	72
The Independent Order of Foresters 2.885% 10-15-2035	131,000	131	132
The Toronto-Dominion Bank 1.888% 03-08-2028	750,000	750	738
The Toronto-Dominion Bank 1.896% 09-11-2028	346,000	346	339
The Toronto-Dominion Bank 2.85% 03-08-2024	402,000	414	413
The Toronto-Dominion Bank 3.06% 01-26-2032	980,000	988	1,013
The Toronto-Dominion Bank 3.105% 04-22-2030	90,000	95	93
The Toronto-Dominion Bank 3.60% 10-31-2081	176,000	176	171
Thomson Reuters Corp. 2.239% 05-14-2025	399,000	411	403
TMX Group Ltd. 2.016% 02-12-2031	89,000	89	86
Toronto Hydro Corp. 2.47% 10-20-2031	102,000	102	103
Tourmaline Oil Corp. 2.077% 01-25-2028	67,000	67	65
Tourmaline Oil Corp. 2.529% 02-12-2029	71,000	71	70
Toyota Credit Canada Inc. 1.18% 02-23-2026	150,000	150	146
TransCanada PipeLines Ltd. 3.30% 07-17-2025	308,000	334	321
TransCanada PipeLines Ltd. 3.80% 04-05-2027	850,000	930	908
TransCanada PipeLines Ltd. 4.18% 07-03-2048	140,000	156	146
TransCanada PipeLines Ltd. 6.50% 12-09-2030	175,000	194	214
TransCanada PipeLines Ltd. Floating Rate 05-18-2077	990,000	1,038	1,020
TransCanada PipeLines Ltd. Floating Rate 06-09-2024	276,000	276	276

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds (continued)			
Corporate - Non-convertible (continued)			
TransCanada Trust 4.20% 03-04-2081	331,000	331	326
Transcontinental Inc. 2.28% 07-13-2026	49,000	49	49
Ventas Canada Finance Ltd. 2.45% 01-04-2027	114,000	114	115
Ventas Canada Finance Ltd. 2.80% 04-12-2024	256,000	262	261
Ventas Canada Finance Ltd. 3.30% 12-01-2031	125,000	125	127
Waste Management of Canada Corp. 2.60% 09-23-2026	301,000	316	309
WSP Global Inc. 2.408% 04-19-2028	272,000	274	271
Total Corporate - Non-convertible		88,655	89,928
Mortgage Backed			
BMW Canada Inc. 0.325% 07-20-2023	88,000	35	35
Scotia Capital Inc. 0.89% 09-01-2026	122,000	117	118
Total Mortgage Backed		152	153
Total Canadian Bonds		147,973	151,524
United States Bonds			
Corporate - Non-convertible			
Athene Global Funding Floating Rate 04-09-2024	334,000	334	335
Bank of America Corp. 1.978% 09-15-2027	100,000	100	99
Bank of America Corp. Floating Rate 09-15-2027	185,000	185	186
Goldman Sachs Group Inc. Floating Rate 04-29-2025	411,000	411	412
Inter-American Development Bank 4.40% 01-26-2026	280,000	273	312
Nestle Holdings Inc. 2.192% 01-26-2029	141,000	141	143
Nextera Energy Capital Holdings Inc. 1.90% 06-15-2028	90,000	108	113
The Goldman Sachs Group Inc. 2.013% 02-28-2028	1,000,000	983	975
The Goldman Sachs Group Inc. 2.599% 11-30-2027	250,000	250	253
The Walt Disney Co. 3.057% 03-30-2027	2,382,000	2,530	2,472
Verizon Communications Inc. 2.375% 03-22-2028	622,000	617	623
Wells Fargo & Co. 2.975% 05-19-2026	110,000	119	114
Total Corporate - Non-convertible		6,051	6,037
Total United States Bonds		6,051	6,037

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Bonds			
Australia			
Transurban Finance Co. Pty Ltd. 4.555% 11-14-2028	90,000	99	100
Austria			
Suzano Austria GmbH 2.50% 09-15-2028	100,000	125	122
Jersey			
Heathrow Funding Ltd. 2.694% 10-13-2027	207,000	207	208
Heathrow Funding Ltd. 3.726% 04-13-2033	164,000	167	170
Luxembourg			
Aroundtown SA 4.625% 09-18-2025	820,000	890	871
Mexico			
Becle SAB de CV 2.50% 10-14-2031	200,000	251	249
Netherlands			
NXP BV/NXP Funding LLC/NXP USA Inc. 2.65% 02-15-2032 144A	48,000	60	61
United Kingdom			
National Grid Electricity Transmission PLC 2.301% 06-22-2029	216,000	216	215
Total Global Bonds		2,015	1,996
Total Bonds		156,039	159,557
Canadian Common Stock			
Exchange Traded Funds			
Mackenzie Emerging Markets Bond Index ETF *	9,377	910	886
Mackenzie Emerging Markets Local Currency Bond Index ETF *	19,937	1,876	1,699
Total Canadian Common Stock		2,786	2,585
Total Stocks		2,786	2,585

*The issuer of this security is a related company to the issuer of the Fund.

Bond Fund 6.16L

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Futures Contracts

No. of Contracts	Average Contract Price	Futures Contracts	Maturity Date	Notional Amount	Price as at December 31	Unrealized Gain (Loss)
(140)	CAD 120.40	US 5YR NOTE 31/03/2022	March 31, 2022	CAD 16,937	CAD 120.98	(12)
(20)	CAD 193.54	US ULTRA BOND 31/03/2022	March 31, 2022	CAD 3,943	CAD 197.13	(40)
Derivatives - Liabilities						(52)
Total Futures Contracts						(52)

Total Derivative Instruments at Fair Value

(52)

Total Investments

158,825

162,090

Bond Fund 6.16L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Bond Fund 6.16L (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

Bond Fund 6.16L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021					
Currency	Investments	Cash, Short-term Deposits and Overdrafts		Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ 545	\$ 418	\$ 963	\$ 10	
Total	\$ 545	\$ 418	\$ 963	\$ 10	
As Percent of Net Assets Attributable to Contractholders				0.6%	

*Includes both monetary and non-monetary instruments

The Fund had no significant exposure to foreign currency as at December 31, 2020.

D. Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

2021					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 354	\$ 55,854	\$ 42,089	\$ 61,260	\$ 159,557

2020					
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Bonds	\$ 6,405	\$ 68,701	\$ 43,461	\$ 80,404	\$ 198,971

As at December 31, 2021, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately \$12,202 (\$16,331 at December 31, 2020) or approximately 7.4% (8.1% at December 31, 2020). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

Bond Fund 6.16L

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2021. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

There was no change in fair values of financial liabilities as a result of changes in credit risks during 2021 or 2020.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2021		2020	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	9.4	9.1	3.1	3.1
AA	26.5	25.8	44.3	43.5
A	30.8	29.9	41.1	40.3
BBB	33.0	32.0	11.5	11.3
BB and lower	0.1	0.1	—	—
NR *	0.2	0.2	—	—
Total	100.0	97.1	100.0	98.2

*Bonds disclosed as NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

F. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities other financial instruments and underlying funds within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$26 (nil at December 31, 2020) or approximately 0.0% (nil at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

Bond Fund 6.16L
Notes to the Schedule of Investment Portfolio
(in Canadian \$ thousands)

G. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 159,557	\$ —	\$ 159,557
Stocks	2,585	—	—	2,585
Total assets measured at fair value	\$ 2,585	\$ 159,557	\$ —	\$ 162,142
<u>Liabilities measured at fair value</u>				
Derivatives ⁽¹⁾	\$ 52	\$ —	\$ —	\$ 52
Net assets attributable to contractholders measured at fair value	\$ 2,533	\$ 159,557	\$ —	\$ 162,090

⁽¹⁾ Excludes collateral pledged to counterparties of \$651.

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Bonds	\$ —	\$ 198,971	\$ —	\$ 198,971
Stocks	—	—	—	—
Derivatives	—	—	—	—
Total assets measured at fair value	\$ —	\$ 198,971	\$ —	\$ 198,971

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Bond Fund 6.16L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	52,587	60,726	58,591	44,599	40,749	22,258	26,324	23,371	16,632	14,996
Individual No-Load (IA)	12,174	13,492	13,136	13,463	16,737	5,232	6,054	5,529	5,401	6,753
Individual Back-End Load (IB)	11,012	15,601	16,032	17,673	23,202	4,969	7,349	7,085	7,444	9,835
Managed Money (IC)	2,840	4,051	4,316	5,519	5,534	1,262	1,863	1,845	2,227	2,225
75/75 guarantee policy	404,145	576,388	519,248	457,564	457,776	5,370	7,997	6,758	5,676	5,715
75/100 guarantee policy	261,977	340,930	359,819	346,769	347,817	3,433	4,668	4,624	4,249	4,293
100/100 guarantee policy	27,243	35,437	33,212	37,107	32,744	355	482	424	452	402
PS1 75/75 guarantee policy	455,991	629,266	595,466	612,008	649,600	5,508	7,891	6,965	6,783	7,203
PS1 75/100 guarantee policy	358,785	442,026	424,103	410,253	411,729	4,311	5,517	4,939	4,530	4,551
PS1 100/100 guarantee policy	8,716	9,110	9,117	9,720	12,493	104	113	105	107	137
PS2 75/75 guarantee policy	582,747	685,221	759,643	718,890	443,019	8,046	9,687	9,878	8,737	5,312
PS2 75/100 guarantee policy	664,112	727,770	772,396	812,787	815,591	9,170	10,288	10,044	9,878	9,779
PS2 100/100 guarantee policy	—	—	—	—	1,779	—	—	—	—	21
PS 75/75 guarantee policy	52,745	81,868	65,992	6,295	—	575	927	697	63	—
PS 75/100 guarantee policy	1,078	3,339	5,328	2,113	—	12	38	56	21	—
PPS 75/75 guarantee policy	26,093	36,204	23,712	22,606	—	290	416	253	227	—
PPS 75/100 guarantee policy	49,360	41,968	57,236	—	—	548	481	609	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	423.25	433.49	398.88	372.92	368.01	(10.24)	34.61
Individual No-Load (IA)	429.74	448.69	420.91	401.17	403.45	(18.95)	27.78
Individual Back-End Load (IB)	451.20	471.10	441.92	421.20	423.90	(19.90)	29.18
Managed Money (IC)	444.58	459.84	427.32	403.47	402.07	(15.26)	32.52
75/75 guarantee policy	13.29	13.87	13.01	12.40	12.48	(0.58)	0.86
75/100 guarantee policy	13.11	13.69	12.85	12.25	12.34	(0.58)	0.84
100/100 guarantee policy	13.01	13.60	12.77	12.19	12.28	(0.59)	0.83
PS1 75/75 guarantee policy	12.08	12.54	11.70	11.08	11.09	(0.46)	0.84
PS1 75/100 guarantee policy	12.02	12.48	11.65	11.04	11.05	(0.46)	0.83
PS1 100/100 guarantee policy	11.89	12.36	11.55	10.96	10.99	(0.47)	0.81
PS2 75/75 guarantee policy	13.81	14.14	13.00	12.15	11.99	(0.33)	1.14
PS2 75/100 guarantee policy	13.81	14.14	13.00	12.15	11.99	(0.33)	1.14
PS2 100/100 guarantee policy	—	—	—	—	11.99	—	—
PS 75/75 guarantee policy	10.90	11.32	10.56	10.01	—	(0.42)	0.76
PS 75/100 guarantee policy	10.88	11.30	10.55	10.01	—	(0.42)	0.75
PPS 75/75 guarantee policy	11.12	11.48	10.65	10.04	—	(0.36)	0.83
PPS 75/100 guarantee policy	11.10	11.47	10.64	—	—	(0.37)	0.83

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Bonds and Stocks

Bonds and stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities - included in the change in fair value of such investments and recorded on the accrual basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

Bond Fund 6.16L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Bond Fund 6.16L

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	1.96	1.96	1.96	2.01	2.26
Individual Back-End Load (IB)	1.97	1.96	1.96	2.00	2.03
Managed Money (IC)	1.02	1.02	1.02	1.05	1.20
75/75 guarantee policy	1.96	1.96	1.96	2.00	2.03
75/100 guarantee policy	2.02	2.02	2.02	2.07	2.14
100/100 guarantee policy	2.08	2.07	2.08	2.12	2.19
PS1 75/75 guarantee policy	1.39	1.39	1.39	1.40	1.40
PS1 75/100 guarantee policy	1.44	1.44	1.44	1.45	1.45
PS1 100/100 guarantee policy	1.55	1.55	1.56	1.57	1.56
PS 75/75 guarantee policy	1.41	1.41	1.40	1.41	—
PS 75/100 guarantee policy	1.47	1.46	1.46	1.46	—
PPS 75/75 guarantee policy	0.83	0.83	0.83	0.83	—
PPS 75/100 guarantee policy	0.88	0.89	0.89	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	103.44	14.30	12.04	17.22	21.24

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EQUITY FUND 6.14BST

December 31, 2021

Independent Auditor's Report

To the Contractholders of Equity Fund 6.14BST (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Equity Fund 6.14BST

(in Canadian \$ thousands)

Fund Manager: Franklin Templeton Investments Corp.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 338	\$ 1,468
Investment income due and accrued	105	99
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Bonds	—	—
Stocks	45,620	42,320
Investment fund units	—	—
Total investments	45,620	42,320
Total assets	\$ 46,063	\$ 43,887
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	28	16
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	28	16
Net assets attributable to contractholders	\$ 46,035	\$ 43,871

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 11,649	\$ (742)
Miscellaneous income (loss)	4	70
Total income	11,653	(672)
Expenses		
Management fees (note 7)	893	879
Transaction costs	12	21
Withholding taxes	—	—
Other	87	85
Total expenses	992	985
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 10,661	\$ (1,657)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 43,871	\$ 52,132
Contractholder deposits	1,057	596
Contractholder withdrawals	(9,554)	(7,200)
Increase (decrease) in net assets from operations attributable to contractholders	10,661	(1,657)
Change in net assets attributable to contractholders	2,164	(8,261)
Net assets attributable to contractholders - end of year	\$ 46,035	\$ 43,871

Equity Fund 6.14BST

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 10,661	\$ (1,657)
Adjustments		
Realized (gains) losses	(4,529)	(3,318)
Unrealized (gains) losses	(5,787)	5,440
Gross proceeds of disposition of investments	15,227	19,039
Gross payments for the purchase of investments	(8,211)	(12,631)
Change in investment income due and accrued	(6)	13
Change in due from/to The Canada Life Assurance Company	12	(64)
	<u>7,367</u>	<u>6,822</u>
Financing Activities		
Contractholder deposits	1,057	596
Contractholder withdrawals	(9,554)	(7,200)
	<u>(8,497)</u>	<u>(6,604)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(1,130)	218
Cash, short-term deposits and overdrafts, beginning of year	<u>1,468</u>	<u>1,250</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ 338</u>	<u>\$ 1,468</u>
Supplementary cash flow information		
Dividend income received	\$ 1,327	\$ 1,385

Equity Fund 6.14BST

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Canadian Common Stock			
Communication Services			
BCE Inc.	15,958	957	1,050
Rogers Communications Inc. Class B non-voting	3,397	145	205
TELUS Corp.	46,849	1,103	1,396
Consumer Discretionary			
Dollarama Inc.	17,576	568	1,113
Consumer Staples			
Alimentation Couche-Tard Inc.	34,423	440	1,825
Loblaw Companies Ltd.	10,730	735	1,112
Metro Inc.	25,398	763	1,710
Saputo Inc.	25,852	817	737
Energy			
ARC Resources Ltd.	59,151	722	680
Canadian Natural Resources Ltd.	18,497	640	989
Enbridge Inc. [CAD]	26,678	1,033	1,318
Headwater Exploration Inc.	93,146	424	480
Keyera Corp.	23,094	730	659
PrairieSky Royalty Ltd.	11,012	296	150
Suncor Energy Inc.	32,206	799	1,019
TC Energy Corp.	8,227	327	484
Total Energy Services Inc.	4,449	257	27
Tourmaline Oil Corp.	18,081	543	738
Financials			
Bank of Montreal	9,434	626	1,285
Brookfield Asset Management Inc.	38,954	821	2,976
Canadian Imperial Bank of Commerce	4,937	370	728
Manulife Financial Corp.	45,719	1,098	1,102
Royal Bank of Canada	22,200	1,513	2,980
Sun Life Financial Inc.	2,939	157	207
The Bank of Nova Scotia	22,613	1,249	2,025
The Toronto-Dominion Bank	28,144	1,402	2,729
Industrials			
Boyd Group Services Inc.	1,483	301	296

Equity Fund 6.14BST

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock (continued)			
Industrials (continued)			
CAE Inc.	6,930	256	221
Canadian National Railway Co.	14,412	823	2,239
Canadian Pacific Railway Ltd.	13,743	379	1,250
SNC-Lavalin Group Inc.	10,673	366	330
Waste Connections Inc.	5,763	738	994
Information Technology			
CGI Group Inc. Class A sub. voting	10,374	826	1,160
Open Text Corp.	23,326	1,324	1,400
The Descartes Systems Group Inc.	5,337	221	558
Materials			
Agnico Eagle Mines Ltd.	26,100	1,685	1,754
Lundin Mining Corp.	33,217	323	328
Nutrien Ltd. [CAD]	14,011	903	1,332
Real Estate			
Allied Properties REIT	15,420	752	678
First Capital REIT	35,988	727	679
Utilities			
ATCO Ltd. Class I non-voting	24,250	958	1,035
Fortis Inc.	26,895	1,331	1,642
Total Canadian Common Stock		30,448	45,620
Total Stocks		30,448	45,620
Transaction Costs (see notes to financial statements (note 2))		(26)	
Total Investments		30,422	45,620

Equity Fund 6.14BST

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the Equity Fund 6.14BST (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 9	\$ 9	\$ —
Total	\$ —	\$ 9	\$ 9	\$ —
As Percent of Net Assets Attributable to Contractholders			—%	

*Includes both monetary and non-monetary instruments

Equity Fund 6.14BST

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	\$ —	\$ 9	\$ 9	\$ —
Total	\$ —	\$ 9	\$ 9	\$ —
As Percent of Net Assets Attributable to Contractholders			—%	

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately 456 \$ (423 \$ at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

Assets measured at fair value	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 45,620	\$ —	\$ —	\$ 45,620
Total assets measured at fair value	\$ 45,620	\$ —	\$ —	\$ 45,620

Assets measured at fair value	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 42,320	\$ —	\$ —	\$ 42,320
Total assets measured at fair value	\$ 42,320	\$ —	\$ —	\$ 42,320

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

Equity Fund 6.14BST

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	10,772	12,439	14,136	17,163	20,710	8,666	7,953	9,344	9,588	13,120
Individual Back-End Load (IB)	13,721	16,516	19,168	23,862	26,922	11,594	11,091	13,308	14,002	17,926
Managed Money (IC)	1,019	1,361	1,695	2,246	2,564	739	773	982	1,084	1,384
75/75 guarantee policy	165,170	197,635	222,406	221,833	190,229	4,605	4,379	5,095	4,295	4,180
75/100 guarantee policy	118,391	153,740	187,685	197,170	247,127	3,194	3,306	4,186	3,728	5,318
100/100 guarantee policy	20,160	25,063	31,599	35,389	36,488	522	519	681	648	763
PS1 75/75 guarantee policy	193,672	226,955	220,744	224,589	194,814	4,346	4,031	4,037	3,457	3,389
PS1 75/100 guarantee policy	97,620	104,487	106,081	105,057	104,186	2,145	1,821	1,908	1,594	1,790
PS1 100/100 guarantee policy	1,865	2,777	912	912	912	40	47	16	14	15
PS2 75/75 guarantee policy	136,216	161,987	200,302	220,269	256,364	3,853	3,540	4,400	3,976	5,104
PS2 75/100 guarantee policy	33,089	51,207	78,335	90,555	101,507	936	1,119	1,721	1,635	2,021
PS2 100/100 guarantee policy	—	—	—	—	1,026	—	—	—	—	20
PS 75/75 guarantee policy	14,008	21,565	23,943	—	—	185	224	254	—	—
PS 75/100 guarantee policy	4,106	8,421	13,492	1,071	—	54	87	143	10	—
PPS 75/75 guarantee policy	30,620	26,058	25,098	21,278	—	411	274	268	189	—
PPS 75/100 guarantee policy	7,590	3,696	823	—	—	101	39	9	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	804.52	639.34	660.99	558.66	633.52	165.18	(21.65)
Individual Back-End Load (IB)	845.01	671.52	694.26	586.77	665.87	173.49	(22.74)
Managed Money (IC)	725.37	568.28	579.21	482.62	539.62	157.09	(10.93)
75/75 guarantee policy	27.88	22.16	22.91	19.36	21.97	5.72	(0.75)
75/100 guarantee policy	26.98	21.51	22.30	18.91	21.52	5.47	(0.79)
100/100 guarantee policy	25.90	20.71	21.55	18.32	20.92	5.19	(0.84)
PS1 75/75 guarantee policy	22.44	17.76	18.29	15.39	17.39	4.68	(0.53)
PS1 75/100 guarantee policy	21.97	17.43	17.98	15.17	17.18	4.54	(0.55)
PS1 100/100 guarantee policy	21.28	16.94	17.54	14.84	16.87	4.34	(0.60)
PS2 75/75 guarantee policy	28.28	21.85	21.97	18.05	19.91	6.43	(0.12)
PS2 75/100 guarantee policy	28.28	21.85	21.97	18.05	19.91	6.43	(0.12)
PS2 100/100 guarantee policy	—	—	—	—	19.91	—	—
PS 75/75 guarantee policy	13.22	10.39	10.63	—	—	2.83	(0.24)
PS 75/100 guarantee policy	13.08	10.31	10.58	8.87	—	2.77	(0.27)
PPS 75/75 guarantee policy	13.41	10.50	10.69	8.90	—	2.91	(0.19)
PPS 75/100 guarantee policy	13.31	10.44	10.66	—	—	2.87	(0.22)

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) **Classification of Units Issued by the Fund**

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) **Recognition of Investments and Income**

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

Equity Fund 6.14BST

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

Equity Fund 6.14BST

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.82	2.82	2.82	2.86	3.09
Individual Back-End Load (IB)	2.82	2.82	2.82	2.85	2.87
Managed Money (IC)	1.39	1.39	1.39	1.40	1.50
75/75 guarantee policy	2.82	2.82	2.82	2.84	2.87
75/100 guarantee policy	3.13	3.13	3.12	3.14	3.12
100/100 guarantee policy	3.43	3.44	3.43	3.44	3.43
PS1 75/75 guarantee policy	2.41	2.41	2.41	2.42	2.40
PS1 75/100 guarantee policy	2.63	2.63	2.63	2.64	2.63
PS1 100/100 guarantee policy	2.97	2.95	2.96	2.97	2.95
PS 75/75 guarantee policy	1.72	1.72	1.72	—	—
PS 75/100 guarantee policy	2.04	2.03	2.02	2.02	—
PPS 75/75 guarantee policy	1.31	1.32	1.32	1.31	—
PPS 75/100 guarantee policy	1.53	1.52	1.54	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	18.49	29.16	13.36	8.72	9.99

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
EUROPEAN EQUITY FUND 8.08SAM

December 31, 2021

Independent Auditor's Report

To the Contractholders of European Equity Fund 8.08SAM (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

European Equity Fund 8.08SAM

(in Canadian \$ thousands)

Fund Manager: Setanta Asset Management Limited

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 199	\$ —
Investment income due and accrued	12	18
Due from The Canada Life Assurance Company (note 7)	—	5
Due from brokers	—	—
Due from outside parties	13	13
Investments		
Bonds	—	—
Stocks	8,618	10,617
Investment fund units	—	—
Total investments	8,618	10,617
Total assets	\$ 8,842	\$ 10,653
Liabilities		
Overdrafts	\$ —	\$ 30
Due to The Canada Life Assurance Company (note 7)	13	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	13	30
Net assets attributable to contractholders	\$ 8,829	\$ 10,623

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,251	\$ (1,199)
Miscellaneous income (loss)	(7)	(8)
Total income	1,244	(1,207)
Expenses		
Management fees (note 7)	216	255
Transaction costs	1	5
Withholding taxes	34	20
Other	25	30
Total expenses	276	310
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 968	\$ (1,517)

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 10,623	\$ 14,325
Contractholder deposits	294	213
Contractholder withdrawals	(3,056)	(2,398)
Increase (decrease) in net assets from operations attributable to contractholders	968	(1,517)
Change in net assets attributable to contractholders	(1,794)	(3,702)
Net assets attributable to contractholders - end of year	\$ 8,829	\$ 10,623

European Equity Fund 8.08SAM

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 968	\$ (1,517)
Adjustments		
Realized (gains) losses	(121)	939
Unrealized (gains) losses	(917)	548
Gross proceeds of disposition of investments	3,438	3,221
Gross payments for the purchase of investments	(401)	(1,638)
Change in investment income due and accrued	6	6
Change in due from/to The Canada Life Assurance Company	18	(4)
	<u>2,991</u>	<u>1,555</u>
Financing Activities		
Contractholder deposits	294	213
Contractholder withdrawals	(3,056)	(2,398)
	<u>(2,762)</u>	<u>(2,185)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	229	(630)
Cash, short-term deposits and overdrafts, beginning of year	(30)	600
Cash, short-term deposits and overdrafts, end of year	\$ 199	\$ (30)
Supplementary cash flow information		
Dividend income received	\$ 219	\$ 293

European Equity Fund 8.08SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	<u>No. of Units, Shares or Par Value</u>	<u>Average Cost</u>	<u>Fair Value</u>
United States Common Stock			
Consumer Discretionary			
Booking Holdings Inc.	99	241	300
Total United States Common Stock		241	300
Global Common Stock			
Belgium			
Groupe Bruxelles Lambert SA *	3,866	427	547
Proximus Group	3,931	144	97
Bermuda			
Lancashire Holdings Ltd.	26,534	307	241
Finland			
Fortum OYJ	4,775	120	184
France			
EssilorLuxottica SA	1,106	233	298
Sanofi SA	2,949	330	376
Germany			
Adidas AG	610	263	222
GEA Group AG	6,573	262	455
Ireland			
Bank of Ireland Group PLC	30,931	292	222
CRH PLC [EUR]	9,323	389	624
DCC PLC	5,642	502	584
Ryanair Holdings PLC ADR	1,434	185	186
Isle Of Man			
Playtech PLC	17,380	173	218
Italy			
Eni SPA	8,983	201	157

*The issuer of this security is a related company to the issuer of the Fund.

European Equity Fund 8.08SAM

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Netherlands			
Heineken Holdings NV	1,658	183	193
Sweden			
Telefonaktiebolaget LM Ericsson	28,141	239	391
Switzerland			
Alcon Inc.	2,665	207	297
Novartis AG	3,336	319	370
The Swatch Group AG	322	164	124
United Kingdom			
BP PLC	22,009	166	125
Diageo PLC	7,060	257	488
GlaxoSmithKline PLC	16,026	419	441
Liberty Global PLC Class C	10,564	481	375
LSL Property Services PLC	28,652	151	201
Melrose Industries PLC	96,495	280	264
Smiths Group PLC	4,551	111	123
Unilever PLC	2,754	189	186
United Utilities Group PLC	10,153	151	189
Vodafone Group PLC	72,968	272	140
Total Global Common Stock		7,417	8,318
Total Stocks		7,658	8,618
Transaction Costs (see notes to financial statements (note 2))		(11)	
Total Investments		7,647	8,618

European Equity Fund 8.08SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the European Equity Fund 8.08SAM (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

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Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 3,561	\$ (2)	\$ 3,559	\$ 35
United Kingdom Pound Sterling	3,014	2	3,016	30
United States Dollar	861	3	864	9
Swiss Franc	791	—	791	8
Other Currencies	391	—	391	4
Total	\$ 8,618	\$ 3	\$ 8,621	\$ 86
As Percent of Net Assets Attributable to Contractholders				1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 3,950	\$ 1	\$ 3,951	\$ 39
United Kingdom Pound Sterling	3,873	—	3,873	39
United States Dollar	1,155	—	1,155	11
Swiss Franc	1,065	—	1,065	11
Other Currencies	574	—	574	6
Total	\$ 10,617	\$ 1	\$ 10,618	\$ 106
As Percent of Net Assets Attributable to Contractholders				1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$86 (\$106 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

European Equity Fund 8.08SAM

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 6,418	\$ 2,200	\$ —	\$ 8,618
Total assets measured at fair value	\$ 6,418	\$ 2,200	\$ —	\$ 8,618

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 1,732	\$ 8,885	\$ —	\$ 10,617
Total assets measured at fair value	\$ 1,732	\$ 8,885	\$ —	\$ 10,617

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

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(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	261	520	520	520	—	83	146	158	139	—
Individual No-Load (IA)	9,564	11,859	15,886	24,579	25,633	2,925	3,282	4,877	6,848	7,682
Individual Back-End Load (IB)	5,535	6,421	8,213	11,831	15,125	1,769	1,857	2,635	3,444	4,740
Managed Money (IC)	351	392	901	1,124	2,164	113	113	283	316	646
75/75 guarantee policy	56,583	75,690	97,772	304,065	243,382	1,147	1,388	1,989	5,614	4,838
75/100 guarantee policy	21,635	28,239	38,771	51,121	34,466	425	503	768	921	670
100/100 guarantee policy	3,806	3,733	3,112	3,986	2,942	71	64	59	69	55
PS1 75/75 guarantee policy	53,015	52,005	76,673	208,524	162,117	1,147	1,014	1,650	4,053	3,376
PS1 75/100 guarantee policy	24,848	33,170	50,423	62,417	58,139	521	628	1,058	1,187	1,188
PS1 100/100 guarantee policy	268	—	—	—	—	5	—	—	—	—
PS2 75/75 guarantee policy	12,789	57,128	16,764	113,283	100,985	350	1,375	435	2,588	2,411
PS2 75/100 guarantee policy	8,432	8,730	14,903	18,604	13,123	231	210	386	425	313
PS2 100/100 guarantee policy	57	59	61	63	64	1	1	2	1	2
PS 75/75 guarantee policy	372	4,094	1,869	1,406	—	4	37	19	13	—
PS 75/100 guarantee policy	3,448	586	592	521	—	35	5	6	5	—
PPS 75/75 guarantee policy	168	—	—	—	—	2	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	320.31	281.61	303.50	267.49	—	38.70	(21.89)
Individual No-Load (IA)	305.81	276.73	307.02	278.60	299.70	29.08	(30.29)
Individual Back-End Load (IB)	319.58	289.19	320.84	291.14	313.42	30.39	(31.65)
Managed Money (IC)	321.37	286.95	314.10	281.21	298.48	34.42	(27.15)
75/75 guarantee policy	20.27	18.34	20.35	18.46	19.88	1.93	(2.01)
75/100 guarantee policy	19.65	17.82	19.81	18.02	19.44	1.83	(1.99)
100/100 guarantee policy	18.76	17.06	19.03	17.35	18.79	1.70	(1.97)
PS1 75/75 guarantee policy	21.64	19.49	21.52	19.44	20.82	2.15	(2.03)
PS1 75/100 guarantee policy	20.96	18.94	20.98	19.02	20.44	2.02	(2.04)
PS1 100/100 guarantee policy	20.08	—	—	—	—	1.85	—
PS2 75/75 guarantee policy	27.38	24.06	25.93	22.84	23.87	3.32	(1.87)
PS2 75/100 guarantee policy	27.38	24.06	25.92	22.84	23.87	3.32	(1.86)
PS2 100/100 guarantee policy	27.38	24.06	25.93	22.84	23.86	3.32	(1.87)
PS 75/75 guarantee policy	10.11	9.05	9.93	8.91	—	1.06	(0.88)
PS 75/100 guarantee policy	10.04	9.00	9.90	8.90	—	1.04	(0.90)
PPS 75/75 guarantee policy	10.27	—	—	—	—	1.11	—

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

European Equity Fund 8.08SAM

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Setanta Asset Management Limited. All investment transactions with the corresponding underlying funds are at quoted market prices.

European Equity Fund 8.08SAM *(unaudited)*

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

European Equity Fund 8.08SAM

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.92	2.93	2.96	2.99	3.20
Individual Back-End Load (IB)	2.92	2.93	2.96	2.99	2.98
Managed Money (IC)	1.58	1.59	1.60	1.61	1.69
75/75 guarantee policy	2.92	2.93	2.96	2.98	2.96
75/100 guarantee policy	3.15	3.16	3.18	3.21	3.24
100/100 guarantee policy	3.42	3.43	3.46	3.54	3.66
PS1 75/75 guarantee policy	2.45	2.47	2.49	2.49	2.44
PS1 75/100 guarantee policy	2.79	2.80	2.82	2.83	2.79
PS1 100/100 guarantee policy	3.24	—	—	—	—
PS 75/75 guarantee policy	1.81	1.81	1.83	1.82	—
PS 75/100 guarantee policy	2.03	2.02	2.04	2.05	—
PPS 75/75 guarantee policy	1.34	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	4.40	14.65	4.20	12.29	13.62

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL BOND INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of International Bond Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

International Bond Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Franklin Templeton Investments Corp.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	89	103
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	90,439	93,709
Total investments	90,439	93,709
Total assets	\$ 90,528	\$ 93,812
Liabilities		
Overdrafts	\$ 104	\$ 133
Due to The Canada Life Assurance Company (note 8)	81	21
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	185	154
Net assets attributable to contractholders	\$ 90,343	\$ 93,658

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (3,932)	\$ 7,726
Miscellaneous income (loss)	—	—
Total income	(3,932)	7,726
Expenses		
Management fees (note 8)	331	338
Other	36	37
Total expenses	367	375
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (4,299)	\$ 7,351

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 93,658	\$ 94,319
Contractholder deposits	15,908	10,403
Contractholder withdrawals	(14,924)	(18,415)
Increase (decrease) in net assets from operations attributable to contractholders	(4,299)	7,351
Change in net assets attributable to contractholders	(3,315)	(661)
Net assets attributable to contractholders - end of year	\$ 90,343	\$ 93,658

International Bond Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (4,299)	\$ 7,351
Adjustments		
Realized (gains) losses	689	(60)
Unrealized (gains) losses	6,665	680
Gross proceeds of disposition of investments	11,300	15,343
Gross payments for the purchase of investments	(11,962)	(6,829)
Distribution income of underlying mutual fund	(3,422)	(8,346)
Change in due from/to The Canada Life Assurance Company	60	(31)
Change in due from/to brokers	14	(51)
	<u>(955)</u>	<u>8,057</u>
Financing Activities		
Contractholder deposits	15,908	10,403
Contractholder withdrawals	(14,924)	(18,415)
	<u>984</u>	<u>(8,012)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	29	45
Cash, short-term deposits and overdrafts, beginning of year	<u>(133)</u>	<u>(178)</u>
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ (104)</u></u>	<u><u>\$ (133)</u></u>

International Bond Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units)

As at December 31, 2021

	<u>No. of Units</u>	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units			
Brandywine Global Fixed Income Investment Grade Fund	9,782,334	99,946	90,439
Total Investments		99,946	90,439

Top 25 Holdings

Security Description	% of Total
International Bank For Reconstruction and Development 0.25% 11-24-2023	6.04 %
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%
European Investment Bank 0.25% 09-15-2023	5.60%
South Korea Treasury 2.00% 06-10-2031	5.37%
Federal Home Loan Banks 0.125% 03-17-2023	4.99%
Asain Development Bank 0.25% 07-14-2023	4.49%
Government of Mexico 8.00% 11-07-2047	4.48%
European Investment Bank 0.375% 07-24-2024	4.20%
Republic of Poland 4.00% 10-25-2023	3.81%
People's Republic of China 3.81% 09-14-2050	3.20%
Asian Development Bank 1.625% 01-24-2023	3.15%
United States Treasury Floating Rate 07-31-2023	2.89%
United Kingdom Treasury 1.75% 09-07-2022	2.51%
Goldman Sachs Group Floating Rate 02-23-2023	2.34%
United States Treasury 1.88% 11-15-2051	2.23%
Government of Australia 5.75% 07-15-2022	2.13%
Commonwealth Bank of Australia Floating Rate 07-07-2025 144A	2.10%
South Korea Treasury 1.88% 03-10-2051	2.02%
Government of Brazil 10.00% 01-01-2023	1.98%
Kreditanstalt fuer Wiederaufbau 0.25% 04-25-2023	1.75%
Athene Global Funding Floating Rate 05-24-2024 144A	1.68%
Government of Mexico 8.50% 05-31-2029	1.64%
Republic of South Africa 6.50% 02-28-2041	1.63%
Government of Mexico 7.75% 11-13-2042	1.54%
General Motors Financial Floating Rate 11-17-2023	1.46%

International Bond Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	11,698	10,103	12,471	14,612	15,005	4,010	3,704	4,302	5,044	5,041
Individual Back-End Load (IB)	5,220	5,847	7,041	7,810	9,831	1,886	2,260	2,561	2,842	3,481
Managed Money (IC)	3,156	3,295	3,475	4,153	5,998	1,247	1,379	1,355	1,604	2,232
75/75 guarantee policy	139,235	119,612	135,363	140,300	138,388	2,069	1,901	2,025	2,100	2,016
75/100 guarantee policy	142,707	194,284	215,348	230,884	225,790	2,109	3,074	3,209	3,446	3,282
100/100 guarantee policy	18,297	18,226	21,300	20,920	20,680	267	285	314	309	298
PS1 75/75 guarantee policy	132,244	128,916	163,391	171,862	111,349	1,857	1,923	2,277	2,380	1,490
PS1 75/100 guarantee policy	122,166	136,357	143,513	139,235	140,907	1,697	2,015	1,983	1,914	1,873
PS1 100/100 guarantee policy	5,608	6,914	2,238	5,431	3,365	77	101	31	74	44
PS2 75/75 guarantee policy	80,703	80,589	80,187	102,076	86,550	1,337	1,394	1,273	1,583	1,275
PS2 75/100 guarantee policy	85,049	109,905	113,308	165,548	157,248	1,409	1,900	1,799	2,567	2,316
PS2 100/100 guarantee policy	918	940	38,628	33,980	33,699	15	16	613	527	496
PS 75/75 guarantee policy	6,303	6,074	6,130	1,629	—	64	66	62	16	—
PPS 75/75 guarantee policy	6,593	6,544	3,828	3,864	—	69	72	39	39	—
PPS 75/100 guarantee policy	—	—	227	—	—	—	—	2	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	342.80	366.63	345.01	345.21	335.93	(23.83)	21.62
Individual Back-End Load (IB)	361.39	386.52	363.72	363.94	354.13	(25.13)	22.80
Managed Money (IC)	395.22	418.50	389.91	386.26	372.18	(23.28)	28.59
75/75 guarantee policy	14.86	15.90	14.96	14.97	14.56	(1.04)	0.94
75/100 guarantee policy	14.78	15.82	14.90	14.93	14.54	(1.04)	0.92
100/100 guarantee policy	14.61	15.65	14.75	14.78	14.40	(1.04)	0.90
PS1 75/75 guarantee policy	14.05	14.92	13.94	13.85	13.38	(0.87)	0.98
PS1 75/100 guarantee policy	13.89	14.77	13.82	13.74	13.30	(0.88)	0.95
PS1 100/100 guarantee policy	13.68	14.57	13.65	13.60	13.18	(0.89)	0.92
PS2 75/75 guarantee policy	16.57	17.29	15.88	15.51	14.73	(0.72)	1.41
PS2 75/100 guarantee policy	16.57	17.29	15.88	15.51	14.73	(0.72)	1.41
PS2 100/100 guarantee policy	16.57	17.29	15.88	15.51	14.73	(0.72)	1.41
PS 75/75 guarantee policy	10.14	10.79	10.10	10.05	—	(0.65)	0.69
PPS 75/75 guarantee policy	10.40	10.98	10.20	10.08	—	(0.58)	0.78
PPS 75/100 guarantee policy	—	—	10.19	—	—	—	—

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The International Bond Investment Fund No. 1 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in underlying mutual funds.

As the Fund's assets are invested in underlying investment funds, the Fund indirectly pays management fees and operating expenses of the underlying funds. All such charges are included in the management expense ratio of the segregated funds.

Distributions of income from the underlying investment funds are shown as net gain (loss) on investments on the Statement of Comprehensive Income.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

Investments in unconsolidated structured entities

The Company has determined that the Fund meets the definition of an investment entity and as such, accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Company has concluded that the underlying funds in which the Fund invests, but do not consolidate, meet the definition of structured entities because: (i) the voting rights in the underlying funds are not dominant rights in deciding who controls them; (ii) each underlying fund's activities are restricted by its prospectus; and (iii) the underlying funds have narrow and well-defined objectives to provide investment opportunities to investors.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

4. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS (continued)

- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, the Fund Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

International Bond Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 1 classification.

International Bond Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.44	2.45	2.44	2.47	2.61
Individual Back-End Load (IB)	2.45	2.45	2.44	2.47	2.39
Managed Money (IC)	1.45	1.45	1.44	1.45	1.44
75/75 guarantee policy	2.44	2.45	2.44	2.47	2.39
75/100 guarantee policy	2.55	2.55	2.54	2.55	2.44
100/100 guarantee policy	2.60	2.60	2.60	2.61	2.50
PS1 75/75 guarantee policy	1.75	1.73	1.73	1.73	1.72
PS1 75/100 guarantee policy	1.87	1.84	1.84	1.84	1.81
PS1 100/100 guarantee policy	2.03	1.99	2.02	2.01	1.98
PS 75/75 guarantee policy	1.89	1.89	1.88	1.88	—
PPS 75/75 guarantee policy	1.20	1.17	1.17	1.17	—
PPS 75/100 guarantee policy	—	—	1.28	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	1.75	1.76	1.76	1.76	1.75
PS1 75/100 guarantee policy	1.87	1.87	1.87	1.86	1.84
PS1 100/100 guarantee policy	2.03	2.02	2.05	2.04	2.01
PPS 75/75 guarantee policy	1.20	1.20	1.20	1.20	—
PPS 75/100 guarantee policy	—	—	1.31	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	12.09	7.46	5.19	13.89	10.77

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL EQUITY INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of International Equity Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

International Equity Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Putnam Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 516	\$ —
Investment income due and accrued	19	29
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	298
Due from outside parties	28	28
Investments		
Bonds	—	—
Stocks	44,889	47,278
Investment fund units	—	—
Derivatives (note 7)	140	484
Total investments	45,029	47,762
Total assets	\$ 45,592	\$ 48,117
Liabilities		
Overdrafts	\$ —	\$ 157
Due to The Canada Life Assurance Company (note 8)	7	21
Due to brokers	—	112
Due to outside parties	—	—
Derivatives (note 7)	171	339
Total liabilities excluding net assets attributable to contractholders	178	629
Net assets attributable to contractholders	\$ 45,414	\$ 47,488

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 4,556	\$ 5,010
Miscellaneous income (loss)	(49)	(7)
Total income	4,507	5,003
Expenses		
Management fees (note 8)	819	799
Transaction costs	113	115
Withholding taxes	117	99
Other	77	74
Total expenses	1,126	1,087
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,381	\$ 3,916

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 47,488	\$ 49,401
Contractholder deposits	1,040	1,254
Contractholder withdrawals	(6,495)	(7,083)
Increase (decrease) in net assets from operations attributable to contractholders	3,381	3,916
Change in net assets attributable to contractholders	(2,074)	(1,913)
Net assets attributable to contractholders - end of year	\$ 45,414	\$ 47,488

International Equity Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 9)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,381	\$ 3,916
Adjustments		
Realized (gains) losses	(5,426)	(2,333)
Unrealized (gains) losses	1,892	(1,813)
Gross proceeds of disposition of investments	46,663	53,705
Gross payments for the purchase of investments	(40,564)	(47,996)
Change in investment income due and accrued	10	13
Change in due from/to The Canada Life Assurance Company	(14)	(85)
Change in due from/to brokers	186	(186)
	<u>6,128</u>	<u>5,221</u>
Financing Activities		
Contractholder deposits	1,040	1,254
Contractholder withdrawals	(6,495)	(7,083)
	<u>(5,455)</u>	<u>(5,829)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	673	(608)
Cash, short-term deposits and overdrafts, beginning of year	(157)	451
Cash, short-term deposits and overdrafts, end of year	\$ 516	\$ (157)
Supplementary cash flow information		
Dividend income received	\$ 1,005	\$ 932

International Equity Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Common Stock			
Financials			
Thomson Reuters Corp.	5,100	737	772
Industrials			
CAE Inc.	12,400	505	396
Total Canadian Common Stock		1,242	1,168
United States Common Stock			
Exchange Traded Funds			
iSHARES MSCI South Korea Capped ETF	8,780	898	865
Industrials			
Otis Worldwide Corp.	5,700	433	628
Total United States Common Stock		1,331	1,493
Global Common Stock			
France			
AXA SA	22,092	707	832
BNP Paribas SA	9,226	686	807
Capgemini SA	2,879	874	893
Compagnie de Saint-Gobain	10,268	677	914
Compagnie Generale des Etablissements Michelin	4,035	772	837
LVMH Moet Hennessy Louis Vuitton SE	972	995	1,017
Schneider Electric SA	3,428	527	851
Thales SA	7,304	842	786
Germany			
Brenntag SE	8,007	757	917
Deutsche Boerse AG	4,782	962	1,013
Deutsche Post AG Reg.	11,220	864	913
Merck KGaA	3,088	613	1,009
Greece			
OPAP SA	27,835	472	499

International Equity Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Hong Kong			
AIA Group Ltd.	52,400	697	668
India			
Infosys Ltd.	28,900	671	925
Reliance Industries Ltd.	9,514	662	770
Ireland			
Bank of Ireland Group PLC	105,556	685	757
CRH PLC [EUR]	10,903	474	730
Flutter Entertainment PLC	3,710	770	747
ICON PLC	1,900	639	744
Linde PLC [EUR]	2,369	725	1,043
Italy			
Moncler SPA	4,845	375	443
UniCredit SPA	26,466	497	515
Japan			
Asahi Group Holdings Ltd.	9,800	514	481
Hoya Corp.	5,700	571	1,069
Minebea Mitsumi Inc.	23,500	618	844
Mitsubishi UFJ Financial Group Inc.	127,100	901	873
Oracle Corp. Japan	7,000	805	672
Renesas Electronics Corp.	47,300	481	735
Sony Group Corp.	9,200	579	1,471
Yamaha Motor Co. Ltd.	23,600	696	716
ZOZO Inc.	12,200	513	480
Netherlands			
CNH Industrial NV	32,999	617	801
Universal Music Group NV	22,391	808	798
Yandex NV	2,800	276	214
Portugal			
EDP - Energias de Portugal SA	65,276	457	454
Jeronimo Martins SGPS SA	24,478	677	708

International Equity Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Russia			
Sberbank of Russia ADR	19,824	342	402
South Korea			
Samsung Electronics Co. Ltd. GDR	400	834	831
Spain			
Amadeus IT Group SA	5,406	468	460
Switzerland			
ABB Ltd.	10,930	358	526
Coca-Cola HBC AG	14,416	550	629
Lonza Group AG	1,011	566	1,064
SIG Combibloc Group AG	8,831	161	312
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd.	30,000	639	845
United Kingdom			
Abcam PLC	13,288	319	394
Allfunds Group PLC	18,394	382	458
AstraZeneca PLC	7,265	1,062	1,079
Coca-Cola Europacific Partners PLC	10,400	759	736
Diageo PLC	18,929	933	1,308
InterContinental Hotels Group PLC	7,055	617	577
Liberty Global PLC Class C	17,700	481	629
Network International Holdings PLC	98,189	701	491
Oxford Nanopore Technologies PLC	25,758	265	308
Prudential PLC	23,795	529	519
Royal Dutch Shell PLC Class B	31,710	750	881
SSE PLC	29,526	842	833
Total Global Common Stock		36,014	42,228
Total Stocks		38,587	44,889

International Equity Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
3.2242	January 19, 2022	Israeli New Shekel	257	United States Dollar	245	12
1.2806	January 19, 2022	Canadian Dollar	516	United States Dollar	511	5
0.7963	January 19, 2022	United States Dollar	501	Canadian Dollar	497	4
0.7951	January 19, 2022	United States Dollar	523	Canadian Dollar	520	3
0.7951	January 19, 2022	United States Dollar	491	Canadian Dollar	489	3
0.8012	January 19, 2022	United States Dollar	204	Canadian Dollar	202	3
1.4050	January 19, 2022	Australian Dollar	85	United States Dollar	83	2
1.2804	January 19, 2022	Canadian Dollar	209	United States Dollar	207	2
1.4050	January 19, 2022	Australian Dollar	68	United States Dollar	67	2
1.2806	January 19, 2022	Canadian Dollar	95	United States Dollar	95	1
1.2805	January 19, 2022	Canadian Dollar	95	United States Dollar	94	1
0.7950	January 19, 2022	United States Dollar	166	Canadian Dollar	165	1
1.2805	January 19, 2022	Canadian Dollar	79	United States Dollar	78	1
0.7951	January 19, 2022	United States Dollar	75	Canadian Dollar	75	-
0.7951	January 19, 2022	United States Dollar	76	Canadian Dollar	76	-
0.7950	January 19, 2022	United States Dollar	63	Canadian Dollar	62	-
1.2802	January 19, 2022	Canadian Dollar	35	United States Dollar	34	-
1.2816	January 19, 2022	Canadian Dollar	31	United States Dollar	31	-
1.3725	January 19, 2022	United States Dollar	70	Australian Dollar	69	-
0.7952	January 19, 2022	United States Dollar	9	Canadian Dollar	9	-
113.6763	February 16, 2022	United States Dollar	5	Japanese Yen	(3)	8
1,188.4500	February 16, 2022	United States Dollar	1	South Korean Won	(3)	4
113.6955	February 16, 2022	United States Dollar	2	Japanese Yen	(1)	3
1,188.7000	February 16, 2022	United States Dollar	1	South Korean Won	(2)	2
113.3456	February 16, 2022	United States Dollar	1	Japanese Yen	(1)	2
6.4491	February 16, 2022	Chinese Yuan Renminbi	124	United States Dollar	123	2
6.4357	February 16, 2022	Chinese Yuan Renminbi	135	United States Dollar	134	2
113.6442	February 16, 2022	United States Dollar	1	Japanese Yen	(1)	1
1.3502	February 16, 2022	Singapore Dollar	444	United States Dollar	444	1
7.7882	February 16, 2022	United States Dollar	17	Hong Kong Dollar	17	-
1.3316	March 16, 2022	Pound Sterling	363	United States Dollar	351	13
1.3315	March 16, 2022	Pound Sterling	281	United States Dollar	272	10
9.0988	March 16, 2022	Norwegian Krone	174	United States Dollar	168	7
1.3313	March 16, 2022	Pound Sterling	186	United States Dollar	180	7
1.3226	March 16, 2022	Pound Sterling	115	United States Dollar	109	6
1.0917	March 16, 2022	Swiss Franc	382	United States Dollar	378	4
1.0916	March 16, 2022	Swiss Franc	354	United States Dollar	351	4
1.0916	March 16, 2022	Swiss Franc	326	United States Dollar	323	3
6.5420	March 16, 2022	Danish Krone	962	United States Dollar	959	3
1.0916	March 16, 2022	Swiss Franc	293	United States Dollar	290	3

International Equity Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
Derivative Assets (continued)						
1.3212	March 16, 2022	Pound Sterling	51	United States Dollar	48	3
9.1024	March 16, 2022	Norwegian Krone	61	United States Dollar	59	2
1.1365	March 16, 2022	Euro	441	United States Dollar	439	2
1.0877	March 16, 2022	Swiss Franc	118	United States Dollar	116	2
1.0912	March 16, 2022	Swiss Franc	131	United States Dollar	130	1
1.1322	March 16, 2022	Euro	124	United States Dollar	123	1
1.1363	March 16, 2022	Euro	270	United States Dollar	269	1
1.0885	March 16, 2022	Swiss Franc	79	United States Dollar	78	1
1.3423	March 16, 2022	Pound Sterling	57	United States Dollar	56	1
9.0749	March 16, 2022	Swedish Krona	107	United States Dollar	106	1
1.0917	March 16, 2022	Swiss Franc	49	United States Dollar	48	-
1.1366	March 16, 2022	Euro	81	United States Dollar	81	-
1.1364	March 16, 2022	Euro	9	United States Dollar	9	-
					Derivatives - Assets	140
0.7809	January 19, 2022	United States Dollar	16	Canadian Dollar	16	-
1.3726	January 19, 2022	Australian Dollar	153	United States Dollar	154	-
1.2577	January 19, 2022	Canadian Dollar	187	United States Dollar	188	(1)
1.2595	January 19, 2022	Canadian Dollar	317	United States Dollar	318	(1)
1.2578	January 19, 2022	Canadian Dollar	241	United States Dollar	242	(1)
1.4363	January 19, 2022	New Zealand Dollar	73	United States Dollar	75	(2)
1.4022	January 19, 2022	United States Dollar	49	Australian Dollar	50	(2)
0.7809	January 19, 2022	United States Dollar	146	Canadian Dollar	148	(2)
1.2578	January 19, 2022	Canadian Dollar	470	United States Dollar	473	(2)
1.4050	January 19, 2022	United States Dollar	109	Australian Dollar	113	(4)
1.3724	January 19, 2022	Australian Dollar	2,435	United States Dollar	2,441	(6)
0.7810	January 19, 2022	United States Dollar	615	Canadian Dollar	622	(8)
7.7832	February 16, 2022	Hong Kong Dollar	44	United States Dollar	45	-
7.8017	February 16, 2022	United States Dollar	12	Hong Kong Dollar	12	-
1,187.8101	February 16, 2022	South Korean Won	46	United States Dollar	46	-
7.7830	February 16, 2022	Hong Kong Dollar	102	United States Dollar	102	-
1,189.6000	February 16, 2022	South Korean Won	131	United States Dollar	131	-
1,185.6000	February 16, 2022	South Korean Won	42	United States Dollar	43	-
1,175.1502	February 16, 2022	South Korean Won	23	United States Dollar	23	-
1,180.7000	February 16, 2022	South Korean Won	55	United States Dollar	56	(1)
1,183.6500	February 16, 2022	South Korean Won	105	United States Dollar	106	(1)
113.6505	February 16, 2022	Japanese Yen	62	United States Dollar	63	(1)
6.4446	February 16, 2022	United States Dollar	12	Chinese Yuan Renminbi	13	(1)
7.7832	February 16, 2022	Hong Kong Dollar	567	United States Dollar	568	(1)
1,183.9500	February 16, 2022	South Korean Won	156	United States Dollar	158	(1)

International Equity Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, contracts, shares, par value or contract price)

As at December 31, 2021

Schedule of Derivative Contracts

Forward Currency Contracts

Contract Price	Settlement Date	Purchased Currency		Sold Currency		Unrealized Gain (Loss)
		Currency	Value as at December 31	Currency	Value as at December 31	
Derivative Liabilities (continued)						
113.9497	February 16, 2022	Japanese Yen	121	United States Dollar	123	(1)
113.6470	February 16, 2022	Japanese Yen	178	United States Dollar	181	(3)
113.6555	February 16, 2022	Japanese Yen	282	United States Dollar	286	(4)
113.6120	February 16, 2022	Japanese Yen	410	United States Dollar	416	(7)
113.6555	February 16, 2022	Japanese Yen	953	United States Dollar	968	(15)
113.6630	February 16, 2022	Japanese Yen	1,161	United States Dollar	1,179	(18)
9.0216	March 16, 2022	Swedish Krona	103	United States Dollar	103	-
9.0202	March 16, 2022	Swedish Krona	122	United States Dollar	122	-
9.0186	March 16, 2022	Swedish Krona	118	United States Dollar	119	-
9.0211	March 16, 2022	Swedish Krona	187	United States Dollar	188	-
1.3314	March 16, 2022	United States Dollar	42	Pound Sterling	43	(1)
1.1304	March 16, 2022	United States Dollar	101	Euro	102	(1)
1.1365	March 16, 2022	United States Dollar	329	Euro	330	(1)
1.1366	March 16, 2022	United States Dollar	372	Euro	374	(2)
1.1364	March 16, 2022	United States Dollar	374	Euro	376	(2)
9.0225	March 16, 2022	Swedish Krona	674	United States Dollar	675	(2)
1.1365	March 16, 2022	United States Dollar	431	Euro	432	(2)
1.1366	March 16, 2022	United States Dollar	561	Euro	563	(2)
1.1305	March 16, 2022	United States Dollar	207	Euro	209	(2)
1.1365	March 16, 2022	United States Dollar	616	Euro	618	(2)
1.3313	March 16, 2022	United States Dollar	96	Pound Sterling	99	(3)
1.3316	March 16, 2022	United States Dollar	104	Pound Sterling	107	(3)
1.0913	March 16, 2022	United States Dollar	306	Swiss Franc	309	(3)
1.1317	March 16, 2022	United States Dollar	306	Euro	310	(3)
1.3316	March 16, 2022	United States Dollar	388	Pound Sterling	398	(10)
1.3317	March 16, 2022	United States Dollar	860	Pound Sterling	883	(22)
1.3316	March 16, 2022	United States Dollar	1,013	Pound Sterling	1,039	(27)
Derivatives - Liabilities						(171)
Total Forward Currency Contracts						(31)

Total Derivative Instruments at Fair Value

(31)

Transaction Costs (see notes to financial statements (note 2))

(74)

Total Investments

38,513

44,858

International Equity Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Equity Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Equity Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 15,187	\$ —	\$ 15,187	\$ 152
Japanese Yen	10,590	10	10,600	106
United Kingdom Pound Sterling	5,414	—	5,414	54
United States Dollar	1,598	451	2,049	20
Other Currencies	11,983	—	11,983	120
Total	\$ 44,772	\$ 461	\$ 45,233	\$ 452
As Percent of Net Assets Attributable to Contractholders			99.6%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 16,247	\$ —	\$ 16,247	\$ 162
Japanese Yen	12,112	—	12,112	121
United Kingdom Pound Sterling	6,461	23	6,484	65
Swiss Franc	3,598	—	3,598	36
Other Currencies	8,937	(137)	8,800	88
Total	\$ 47,355	\$ (114)	\$ 47,241	\$ 472
As Percent of Net Assets Attributable to Contractholders			99.5%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$449 (\$473 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Equity Investment Fund No. 1

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 28,731	\$ 16,158	\$ —	\$ 44,889
Derivatives	—	140	—	140
Total assets measured at fair value	\$ 28,731	\$ 16,298	\$ —	\$ 45,029
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ 171	\$ —	\$ 171
Net assets attributable to contractholders measured at fair value	\$ 28,731	\$ 16,127	\$ —	\$ 44,858

2020				
Assets and Liabilities Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 3,845	\$ 43,433	\$ —	\$ 47,278
Derivatives ⁽¹⁾	—	484	—	484
Total assets measured at fair value	\$ 3,845	\$ 43,917	\$ —	\$ 47,762
<u>Liabilities measured at fair value</u>				
Derivatives	\$ —	\$ 339	\$ —	\$ 339
Net assets attributable to contractholders measured at fair value	\$ 3,845	\$ 43,578	\$ —	\$ 47,423

⁽¹⁾ Excludes collateral received from counterparties of \$141.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

International Equity Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	—	—	—	2,233	2,277	—	—	—	94	109
Individual No-Load (IA)	18,598	21,948	24,850	28,974	33,071	8,861	9,845	10,323	10,278	13,694
Individual Back-End Load (IB)	26,824	30,688	36,118	43,836	51,587	13,452	14,489	15,792	16,367	22,498
Managed Money (IC)	8,201	9,200	9,750	11,415	13,882	2,648	2,759	2,671	2,634	3,690
75/75 guarantee policy	76,418	58,563	66,604	77,332	64,881	1,638	1,182	1,245	1,234	1,210
75/100 guarantee policy	49,329	57,244	65,174	69,294	62,106	1,026	1,124	1,187	1,080	1,134
100/100 guarantee policy	6,786	7,692	6,262	6,418	6,590	133	143	109	96	116
PS1 75/75 guarantee policy	86,271	50,955	54,046	71,181	84,114	1,899	1,050	1,026	1,148	1,577
PS1 75/100 guarantee policy	42,694	45,380	50,755	54,369	56,987	912	911	941	859	1,049
PS1 100/100 guarantee policy	736	306	204	132	64	15	6	4	2	1
PS2 75/75 guarantee policy	127,287	139,854	158,173	202,425	216,203	3,542	3,559	3,620	3,843	4,655
PS2 75/100 guarantee policy	14,326	15,439	19,082	14,258	11,009	399	393	437	271	237
PS2 100/100 guarantee policy	607	625	642	660	680	17	16	15	13	15
PS 75/75 guarantee policy	9,686	44,628	43,865	22,038	—	115	491	442	188	—
PS 75/100 guarantee policy	4,794	3,339	3,416	—	—	56	37	34	—	—
PPS 75/75 guarantee policy	87,142	139,334	123,085	72,324	—	1,049	1,554	1,251	618	—
PPS 75/100 guarantee policy	389	391	394	—	—	5	4	4	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	—	—	—	42.11	47.78	—	—
Individual No-Load (IA)	476.45	448.56	415.40	354.72	414.06	27.89	33.16
Individual Back-End Load (IB)	501.48	472.13	437.22	373.36	436.12	29.35	34.91
Managed Money (IC)	322.92	299.89	273.95	230.77	265.79	23.03	25.94
75/75 guarantee policy	21.44	20.19	18.69	15.96	18.65	1.25	1.50
75/100 guarantee policy	20.81	19.63	18.22	15.59	18.26	1.18	1.41
100/100 guarantee policy	19.64	18.62	17.35	14.92	17.54	1.02	1.27
PS1 75/75 guarantee policy	22.01	20.61	18.99	16.13	18.75	1.40	1.62
PS1 75/100 guarantee policy	21.36	20.06	18.54	15.79	18.41	1.30	1.52
PS1 100/100 guarantee policy	20.52	19.35	17.95	15.36	17.98	1.17	1.40
PS2 75/75 guarantee policy	27.83	25.44	22.89	18.98	21.53	2.39	2.55
PS2 75/100 guarantee policy	27.83	25.45	22.89	18.98	21.53	2.38	2.56
PS2 100/100 guarantee policy	27.83	25.44	22.89	18.98	21.53	2.39	2.55
PS 75/75 guarantee policy	11.82	11.01	10.09	8.52	—	0.81	0.92
PS 75/100 guarantee policy	11.74	10.95	10.06	—	—	0.79	0.89
PPS 75/75 guarantee policy	12.04	11.15	10.16	8.54	—	0.89	0.99
PPS 75/100 guarantee policy	11.93	11.08	10.12	—	—	0.85	0.96

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Derivatives

Derivatives are classified and measured at fair value. Derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, broker or dealer quotations or alternative pricing sources with reasonable levels of transparency. When models are used, the selection of a particular model to value a derivative depends on the contractual terms of, and specific risks inherent in, the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures volatility, prepayment rates and correlations of such inputs.

g) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

h) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

i) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

k) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

l) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Allocation

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

n) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

o) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. DESCRIPTION OF UNITS (continued)

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative contracts, including forward currency, futures and equity swap contracts, are valued at the gain or loss that would arise as a result of closing the position at the reporting date. Options are recorded at fair value as at the reporting date. The Fund may use derivative contracts to hedge against losses caused by changes in securities prices, interest rates, exchange rates and/or other risks. The Fund may also use derivative contracts for non-hedging purposes in order to invest indirectly in financial markets or to gain exposure to other currencies, provided the use of such derivatives is consistent with the Fund's investment objectives and strategies. Foreign currency risk and exposure may be direct or indirect and can include all or a portion of the currency exposure of an existing investment or group of investments. Any such gain or loss on derivative contracts is recorded as part of net gain (loss) on investments.

As at the reporting date, the unrealized gain (loss) on derivative contracts is reflected on the Statement of Financial Position of the Fund.

The Fund manages derivative credit risk through collateral arrangements where required. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented by the Fund regarding the acceptability of types of collateral and the valuation parameters. The Fund Manager monitors the value of the collateral and requests additional collateral when needed.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Putnam Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

International Equity Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

International Equity Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.92	2.92	2.92	2.94	3.14
Individual Back-End Load (IB)	2.92	2.92	2.92	2.94	2.92
Managed Money (IC)	1.55	1.55	1.55	1.57	1.67
75/75 guarantee policy	2.91	2.92	2.92	2.93	2.91
75/100 guarantee policy	3.14	3.14	3.14	3.17	3.18
100/100 guarantee policy	3.58	3.57	3.58	3.60	3.60
PS1 75/75 guarantee policy	2.40	2.40	2.41	2.44	2.46
PS1 75/100 guarantee policy	2.68	2.68	2.68	2.73	2.79
PS1 100/100 guarantee policy	3.12	3.10	3.09	3.14	3.22
PS 75/75 guarantee policy	1.83	1.82	1.82	1.82	—
PS 75/100 guarantee policy	2.04	2.04	2.03	—	—
PPS 75/75 guarantee policy	1.31	1.31	1.31	1.31	—
PPS 75/100 guarantee policy	1.58	1.57	1.58	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	87.36	106.96	74.04	66.69	60.83

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL OPPORTUNITY FUND 8.07JPMF

December 31, 2021

Independent Auditor's Report

To the Contractholders of International Opportunity Fund 8.07JPMF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

International Opportunity Fund 8.07JPMF

(in Canadian \$ thousands)

Fund Manager: J.P. Morgan Asset Management

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,618	\$ 1,653
Investment income due and accrued	19	27
Due from The Canada Life Assurance Company (note 7)	—	—
Due from brokers	48	48
Due from outside parties	82	83
Investments		
Bonds	—	—
Stocks	139,060	127,714
Investment fund units	—	—
Total investments	139,060	127,714
Total assets	\$ 140,827	\$ 129,525
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	41	789
Due to brokers	48	48
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	89	837
Net assets attributable to contractholders	\$ 140,738	\$ 128,688

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 15,368	\$ 25,222
Miscellaneous income (loss)	(114)	132
Total income	15,254	25,354
Expenses		
Management fees (note 7)	688	580
Transaction costs	69	85
Withholding taxes	223	174
Other	73	63
Total expenses	1,053	902
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 14,201	\$ 24,452

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 128,688	\$ 89,598
Contractholder deposits	21,854	43,244
Contractholder withdrawals	(24,005)	(28,606)
Increase (decrease) in net assets from operations attributable to contractholders	14,201	24,452
Change in net assets attributable to contractholders	12,050	39,090
Net assets attributable to contractholders - end of year	\$ 140,738	\$ 128,688

International Opportunity Fund 8.07JPMF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 14,201	\$ 24,452
Adjustments		
Realized (gains) losses	(8,816)	(6,662)
Unrealized (gains) losses	(4,870)	(17,184)
Gross proceeds of disposition of investments	42,954	41,664
Gross payments for the purchase of investments	(40,614)	(56,441)
Change in investment income due and accrued	8	(8)
Change in due from/to The Canada Life Assurance Company	(748)	774
Change in due from/to outside parties	1	(1)
	<u>2,116</u>	<u>(13,406)</u>
Financing Activities		
Contractholder deposits	21,854	43,244
Contractholder withdrawals	(24,005)	(28,606)
	<u>(2,151)</u>	<u>14,638</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	(35)	1,232
Cash, short-term deposits and overdrafts, beginning of year	1,653	421
Cash, short-term deposits and overdrafts, end of year	\$ 1,618	\$ 1,653
Supplementary cash flow information		
Dividend income received	\$ 1,690	\$ 1,368

International Opportunity Fund 8.07JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
United States Common Stock			
Consumer Discretionary			
MercadoLibre Inc.	660	1,249	1,125
Total United States Common Stock		1,249	1,125
Global Common Stock			
Australia			
IDP Education Ltd.	50,480	761	1,609
Cayman Islands			
Alibaba Group Holding Ltd.	55,792	1,665	1,076
Bilibili Inc.	12,568	1,526	731
Budweiser Brewing Co. APAC Ltd.	349,800	1,517	1,161
Sea Ltd. ADR	6,710	823	1,899
Tencent Holdings Ltd.	16,700	1,038	1,238
Denmark			
Coloplast AS	7,741	1,717	1,712
Genmab AS	3,249	863	1,644
Novo Nordisk AS	37,611	2,483	5,315
Orsted AS	10,523	1,722	1,708
Finland			
Kone OYJ	19,088	1,583	1,716
France			
Capgemini SA	8,254	1,901	2,560
L'Oreal SA	6,373	2,298	3,824
LVMH Moet Hennessy Louis Vuitton SE	5,555	2,917	5,812
Safran SA	12,805	1,807	1,984
Schneider Electric SA	14,047	2,785	3,486
Germany			
Adidas AG	7,325	2,620	2,670
Delivery Hero SE	13,248	1,133	1,870
Sartorius AG	1,784	825	1,526
Symrise AG	10,334	1,431	1,938
Zalando SE	15,051	1,128	1,543

International Opportunity Fund 8.07JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Hong Kong			
AIA Group Ltd.	252,800	2,626	3,224
Hong Kong Exchanges and Clearing Ltd.	40,600	2,053	3,000
India			
HDFC Bank Ltd. ADR	18,602	1,246	1,530
Ireland			
Linde PLC [EUR]	5,969	1,362	2,628
Japan			
Daikin Industries Ltd.	8,500	1,365	2,439
Hoya Corp.	17,100	2,180	3,207
Keyence Corp.	5,500	1,921	4,371
Kyowa Kirin Co. Ltd.	37,700	1,469	1,300
Makita Corp.	26,700	1,485	1,434
Shimano Inc.	5,100	1,096	1,714
SMC Corp.	2,800	1,509	2,389
Sony Group Corp.	25,500	2,202	4,077
Systemex Corp.	11,000	1,426	1,874
Tokyo Electron Ltd.	4,700	2,536	3,403
Jersey			
Ferguson PLC	11,690	1,840	2,622
Luxembourg			
InPost SA	65,447	1,648	998
Netherlands			
Adyen BV	806	1,116	2,665
argenx SE	4,074	1,107	1,820
ASML Holding NV	7,522	1,909	7,581
Singapore			
DBS Group Holdings Ltd.	74,100	2,104	2,270
South Korea			
Samsung Electronics Co. Ltd.	22,400	2,026	1,858

International Opportunity Fund 8.07JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Sweden			
Assa Abloy AB	58,863	1,764	2,260
Atlas Copco AB Class A	34,416	1,384	3,011
Switzerland			
Lonza Group AG	3,054	1,485	3,215
Nestle SA	35,372	4,317	6,248
Partners Group Holding AG	982	1,220	2,046
Straumann Holding AG	678	1,027	1,810
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	11,534	805	1,755
United Kingdom			
Allfunds Group PLC	55,649	1,391	1,385
Diageo PLC	67,272	3,283	4,648
Intertek Group PLC	18,892	1,331	1,821
London Stock Exchange Group PLC	16,261	1,617	1,929
Oxford Nanopore Technologies PLC	96,622	1,131	1,154
RELX PLC	78,636	2,132	3,227
Total Global Common Stock		93,656	137,935
Total Stocks		94,905	139,060
Transaction Costs (see notes to financial statements (note 2))		(115)	
Total Investments		94,790	139,060

International Opportunity Fund 8.07JPMF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Opportunity Fund 8.07JPMF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Opportunity Fund 8.07JPMF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 49,233	\$ —	\$ 49,233	\$ 492
Japanese Yen	26,208	—	26,208	262
Swiss Franc	13,319	—	13,319	133
United Kingdom Pound Sterling	12,174	—	12,174	122
Other Currencies	38,126	27	38,153	382
Total	\$ 139,060	\$ 27	\$ 139,087	\$ 1,391
As Percent of Net Assets Attributable to Contractholders			98.8%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 40,212	\$ —	\$ 40,212	\$ 402
Japanese Yen	20,919	—	20,919	209
Swiss Franc	17,672	—	17,672	177
Hong Kong Dollar	12,825	—	12,825	128
Other Currencies	36,086	—	36,086	361
Total	\$ 127,714	\$ —	\$ 127,714	\$ 1,277
As Percent of Net Assets Attributable to Contractholders			99.2%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,391 (\$1,277 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Opportunity Fund 8.07JPMF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

<u>Assets measured at fair value</u>	2021			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 70,765	\$ 68,295	\$ —	\$ 139,060
Total assets measured at fair value	\$ 70,765	\$ 68,295	\$ —	\$ 139,060

<u>Assets measured at fair value</u>	2020			
	Assets Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Stocks	\$ 8,836	\$ 118,878	\$ —	\$ 127,714
Total assets measured at fair value	\$ 8,836	\$ 118,878	\$ —	\$ 127,714

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

International Opportunity Fund 8.07JPMF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	31,646	26,348	642	694	773	22,465	16,880	323	275	340
Individual No-Load (IA)	6,295	7,291	7,351	8,684	9,930	4,230	4,557	3,722	3,566	4,668
Individual Back-End Load (IB)	9,066	11,020	11,369	13,234	15,041	6,369	7,202	6,019	5,682	7,397
Managed Money (IC)	1,571	1,303	1,786	2,385	2,712	740	564	617	660	847
75/75 guarantee policy	111,730	110,543	105,022	127,705	97,330	3,581	3,296	2,536	2,501	2,184
75/100 guarantee policy	110,860	130,271	143,567	161,705	143,656	3,441	3,772	3,376	3,092	3,155
100/100 guarantee policy	10,974	12,670	12,782	19,190	19,226	322	348	287	351	406
PS1 75/75 guarantee policy	80,929	89,958	64,277	94,909	91,687	2,393	2,461	1,417	1,688	1,859
PS1 75/100 guarantee policy	107,779	101,554	87,747	100,488	68,166	3,070	2,688	1,879	1,743	1,352
PS1 100/100 guarantee policy	6,700	8,871	6,658	6,723	8,084	182	225	137	113	156
PS2 75/75 guarantee policy	44,610	52,010	49,049	63,373	51,584	1,682	1,770	1,311	1,332	1,205
PS2 75/100 guarantee policy	83,022	100,298	87,728	99,626	122,235	3,131	3,413	2,345	2,095	2,855
PS2 100/100 guarantee policy	418	431	444	457	1,177	16	15	12	10	27
PS 75/75 guarantee policy	6,604	7,374	8,251	3,466	—	97	100	89	30	—
PS 75/100 guarantee policy	11,417	10,618	10,710	4,309	—	166	142	115	37	—
PPS 75/75 guarantee policy	7,202	5,668	—	—	—	108	78	—	—	—
PPS 75/100 guarantee policy	—	—	290	—	—	—	—	3	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	709.90	640.68	503.49	396.17	440.16	69.22	137.19
Individual No-Load (IA)	671.94	625.06	506.33	410.69	470.06	46.88	118.73
Individual Back-End Load (IB)	702.53	653.51	529.38	429.38	491.81	49.02	124.13
Managed Money (IC)	470.96	432.33	345.59	276.61	312.51	38.63	86.74
75/75 guarantee policy	32.05	29.81	24.15	19.59	22.44	2.24	5.66
75/100 guarantee policy	31.04	28.95	23.52	19.12	21.96	2.09	5.43
100/100 guarantee policy	29.36	27.50	22.43	18.32	21.13	1.86	5.07
PS1 75/75 guarantee policy	29.56	27.36	22.05	17.79	20.27	2.20	5.31
PS1 75/100 guarantee policy	28.49	26.46	21.41	17.34	19.84	2.03	5.05
PS1 100/100 guarantee policy	27.17	25.37	20.62	16.79	19.30	1.80	4.75
PS2 75/75 guarantee policy	37.71	34.02	26.73	21.03	23.35	3.69	7.29
PS2 75/100 guarantee policy	37.71	34.02	26.73	21.03	23.35	3.69	7.29
PS2 100/100 guarantee policy	37.71	34.02	26.73	21.03	23.35	3.69	7.29
PS 75/75 guarantee policy	14.67	13.50	10.81	8.68	—	1.17	2.69
PS 75/100 guarantee policy	14.54	13.41	10.77	8.66	—	1.13	2.64
PPS 75/75 guarantee policy	14.94	13.67	—	—	—	1.27	2.77
PPS 75/100 guarantee policy	—	—	10.84	—	—	—	—

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Opportunity Fund 8.07JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

International Opportunity Fund 8.07JPMF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	3.06	3.06	3.08	3.09	3.28
Individual Back-End Load (IB)	3.06	3.06	3.08	3.08	3.06
Managed Money (IC)	1.73	1.74	1.74	1.75	1.85
75/75 guarantee policy	3.06	3.06	3.08	3.07	3.05
75/100 guarantee policy	3.33	3.33	3.34	3.34	3.32
100/100 guarantee policy	3.75	3.75	3.77	3.77	3.74
PS1 75/75 guarantee policy	2.54	2.54	2.55	2.56	2.52
PS1 75/100 guarantee policy	2.93	2.93	2.94	2.94	2.92
PS1 100/100 guarantee policy	3.43	3.43	3.44	3.45	3.42
PS 75/75 guarantee policy	1.96	1.96	1.96	1.95	—
PS 75/100 guarantee policy	2.22	2.22	2.23	2.22	—
PPS 75/75 guarantee policy	1.43	1.43	—	—	—
PPS 75/100 guarantee policy	—	—	1.83	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	30.11	40.92	25.29	43.35	20.49

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
INTERNATIONAL EQUITY FUND 13.01JPMF

December 31, 2021

Independent Auditor's Report

To the Contractholders of International Equity Fund 13.01JPMF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

International Equity Fund 13.01JPMF

(in Canadian \$ thousands)

Fund Manager: J.P. Morgan Asset Management

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ 1,633	\$ 2,014
Investment income due and accrued	41	50
Due from The Canada Life Assurance Company (note 7)	145	33
Due from brokers	—	—
Due from outside parties	71	71
Investments		
Bonds	—	—
Stocks	125,140	109,811
Investment fund units	—	—
Total investments	125,140	109,811
Total assets	\$ 127,030	\$ 111,979
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 7)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 127,030	\$ 111,979

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 13,769	\$ 13,474
Miscellaneous income (loss)	(79)	66
Total income	13,690	13,540
Expenses		
Management fees (note 7)	253	240
Transaction costs	71	102
Withholding taxes	326	248
Other	28	27
Total expenses	678	617
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 13,012	\$ 12,923

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 111,979	\$ 114,629
Contractholder deposits	21,255	20,101
Contractholder withdrawals	(19,216)	(35,674)
Increase (decrease) in net assets from operations attributable to contractholders	13,012	12,923
Change in net assets attributable to contractholders	15,051	(2,650)
Net assets attributable to contractholders - end of year	\$ 127,030	\$ 111,979

International Equity Fund 13.01JPMF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
		(note 8)
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 13,012	\$ 12,923
Adjustments		
Realized (gains) losses	(6,728)	(6,773)
Unrealized (gains) losses	(3,999)	(4,269)
Gross proceeds of disposition of investments	34,419	56,256
Gross payments for the purchase of investments	(39,021)	(41,161)
Change in investment income due and accrued	9	18
Change in due from/to The Canada Life Assurance Company	(112)	(260)
	<u>(2,420)</u>	16,734
Financing Activities		
Contractholder deposits	21,255	20,101
Contractholder withdrawals	(19,216)	(35,674)
	<u>2,039</u>	(15,573)
Net increase (decrease) in cash, short-term deposits and overdrafts	(381)	1,161
Cash, short-term deposits and overdrafts, beginning of year	<u>2,014</u>	853
Cash, short-term deposits and overdrafts, end of year	<u><u>\$ 1,633</u></u>	<u><u>\$ 2,014</u></u>
Supplementary cash flow information		
Dividend income received	\$ 3,051	\$ 2,450

International Equity Fund 13.01JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock			
Australia			
BHP Group Ltd.	53,122	1,540	2,030
Austria			
Erste Group Bank AG	22,332	946	1,327
Belgium			
KBC Group NV	15,781	1,458	1,716
Cayman Islands			
Sea Ltd. ADR	3,106	901	879
Tencent Holdings Ltd.	11,700	725	867
Denmark			
Carlsberg AS	6,567	1,264	1,426
Coloplast AS	4,059	915	898
Genmab AS	1,613	808	816
Novo Nordisk AS	27,721	1,816	3,917
Orsted AS	4,949	774	803
Finland			
Kone OYJ	14,390	1,199	1,293
France			
AXA SA	42,793	1,335	1,613
BNP Paribas SA	17,577	1,354	1,537
Capgemini SA	7,433	1,250	2,305
Kering SA	1,648	1,327	1,676
L'Oreal SA	3,536	1,345	2,122
LVMH Moet Hennessy Louis Vuitton SE	3,130	1,109	3,277
Pernod Ricard SA *	4,958	760	1,509
Safran SA	8,296	1,131	1,285
Schneider Electric SA	11,467	1,230	2,846
TotalEnergies SE	50,048	3,351	3,214
Vinci SA	13,788	1,868	1,843

*The issuer of this security is a related company to the issuer of the Fund.

International Equity Fund 13.01JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
Germany			
Adidas AG	4,181	1,459	1,524
Allianz SE	5,996	1,323	1,792
Delivery Hero SE	7,636	1,226	1,078
Deutsche Boerse AG	5,866	1,106	1,242
Muenchener Rueckversicherungs-Gesellschaft AG	3,174	998	1,190
RWE AG	21,963	1,214	1,128
Symrise AG	7,762	1,097	1,455
Volkswagen AG	4,678	1,597	1,195
Hong Kong			
AIA Group Ltd.	162,400	1,685	2,071
Hong Kong Exchanges and Clearing Ltd.	22,400	1,087	1,655
India			
HDFC Bank Ltd. ADR	11,664	480	960
Ireland			
Linde PLC [EUR]	4,527	980	1,993
Japan			
Daikin Industries Ltd.	5,500	781	1,578
Fanuc Corp.	3,900	834	1,046
Hoya Corp.	11,600	1,512	2,175
Keyence Corp.	3,800	1,429	3,020
Kubota Corp.	44,200	707	1,241
Kyowa Kirin Co. Ltd.	29,400	1,187	1,013
Makita Corp.	18,400	773	988
Nidec Corp.	10,200	864	1,516
Recruit Holdings Co. Ltd.	18,800	941	1,441
Shin-Etsu Chemical Co. Ltd.	6,800	639	1,489
SMC Corp.	2,000	966	1,706
Sony Group Corp.	17,000	1,342	2,718
Systemex Corp.	6,600	849	1,125
Tokyo Electron Ltd.	2,400	846	1,737
Jersey			
Ferguson PLC	10,228	1,284	2,294

International Equity Fund 13.01JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or Par Value	Average Cost	Fair Value
Global Common Stock (continued)			
Netherlands			
Adyen BV	358	1,020	1,184
ASML Holding NV	3,676	883	3,705
ING Groep NV	69,744	1,083	1,228
Singapore			
DBS Group Holdings Ltd.	68,600	1,597	2,102
South Korea			
Samsung Electronics Co. Ltd. GDR	788	881	1,636
Spain			
Iberdrola SA	105,829	1,466	1,568
Industria de Diseno Textil SA	29,008	1,223	1,188
Sweden			
Assa Abloy AB	35,605	1,166	1,367
Atlas Copco AB Class A	20,486	1,034	1,792
Svenska Handelsbanken AB Class A	113,867	1,622	1,553
Volvo AB Series B	43,657	1,237	1,272
Switzerland			
Holcim Ltd.	5,953	369	383
Lonza Group AG	1,940	1,370	2,042
Nestle SA	24,495	2,870	4,327
Straumann Holding AG	375	682	1,001
Taiwan			
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	8,144	382	1,239
United Kingdom			
Anglo American PLC	30,877	1,405	1,594
Diageo PLC	41,578	2,036	2,872
GlaxoSmithKline PLC	68,302	1,790	1,878
Intertek Group PLC	11,536	1,085	1,112
Legal & General Group PLC	204,865	947	1,043
London Stock Exchange Group PLC	8,153	796	967
Persimmon PLC	26,049	1,238	1,273

International Equity Fund 13.01JPMF

Schedule of Investment Portfolio

(in Canadian \$ thousands, except number of units, shares or par value)

As at December 31, 2021

	No. of Units, Shares or <u>Par Value</u>	Average <u>Cost</u>	Fair <u>Value</u>
Global Common Stock (continued)			
United Kingdom (continued)			
Prudential PLC	60,830	1,342	1,327
RELX PLC	43,999	1,210	1,806
Rio Tinto PLC	14,309	950	1,198
Smith & Nephew PLC	41,288	1,055	914
Total Global Common Stock		90,351	125,140
Total Stocks		90,351	125,140
Total Investments		90,351	125,140

International Equity Fund 13.01JPMF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

Introduction

The objective of the International Equity Fund 13.01JPMF (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. Liquidity Risk

Liquidity risk arises when a fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units by contractholders. The Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity to meet the obligation to fund daily cash redemptions of their redeemable units.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a fund to sell such securities quickly.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity positions on a regular basis.

C. Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

International Equity Fund 13.01JPMF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

C. Currency Risk (continued)

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

2021

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 50,840	\$ 1	\$ 50,841	\$ 508
Japanese Yen	22,793	17	22,810	228
United Kingdom Pound Sterling	16,472	48	16,520	165
Danish Krone	7,860	11	7,871	79
Other Currencies	27,175	18	27,193	272
Total	\$ 125,140	\$ 95	\$ 125,235	\$ 1,252
As Percent of Net Assets Attributable to Contractholders			98.6%	1.0%

*Includes both monetary and non-monetary instruments

2020

Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
Euro	\$ 38,313	\$ 8	\$ 38,321	\$ 383
Japanese Yen	20,228	—	20,228	202
United Kingdom Pound Sterling	16,097	—	16,097	161
Swiss Franc	10,707	46	10,753	108
Other Currencies	24,466	20	24,486	245
Total	\$ 109,811	\$ 74	\$ 109,885	\$ 1,099
As Percent of Net Assets Attributable to Contractholders			98.1%	1.0%

*Includes both monetary and non-monetary instruments

D. Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2021, had the prices on the respective stock exchanges for these securities increased or decreased by 1%, with all other variables held constant, assets would have increased or decreased by approximately \$1,251 (\$1,098 at December 31, 2020) or approximately 1.0% (1.0% at December 31, 2020) of total net assets attributable to contractholders. In practice, the actual results may differ and the difference could be significant.

International Equity Fund 13.01JPMF

Notes to the Schedule of Investment Portfolio

(in Canadian \$ thousands)

E. Fair Value Classification

The following table presents information about the Fund's assets measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

2021				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 64,767	\$ 60,373	\$ —	\$ 125,140
Total assets measured at fair value	\$ 64,767	\$ 60,373	\$ —	\$ 125,140

2020				
Assets Measured at Fair Value				
<u>Assets measured at fair value</u>	Level 1	Level 2	Level 3	Total
Stocks	\$ 2,446	\$ 107,365	\$ —	\$ 109,811
Total assets measured at fair value	\$ 2,446	\$ 107,365	\$ —	\$ 109,811

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for certain non-North American equities when North American intraday stock market movements exceed predetermined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, non-North American equities are frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at December 31, 2021, these securities were classified as Level 2 (Level 2 at December 31, 2020).

International Equity Fund 13.01JPMF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units are allocated to each category as described in note 3 and are not included on this page.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	205,574	211,954	246,721	234,058	247,564	68,065	63,004	65,730	51,037	60,063
Individual No-Load (IA)	3,538	3,971	4,566	5,815	6,694	1,758	1,823	1,933	2,074	2,733
Individual Back-End Load (IB)	4,504	5,163	5,741	6,614	7,127	2,302	2,439	2,501	2,427	2,996
Managed Money (IC)	3,716	3,840	3,915	4,100	4,498	1,907	1,796	1,667	1,451	1,798
75/75 guarantee policy	45,585	47,426	57,607	69,757	60,678	1,031	991	1,111	1,133	1,129
75/100 guarantee policy	34,086	39,559	45,920	49,845	43,190	749	805	864	792	788
100/100 guarantee policy	3,680	3,915	3,928	3,784	7,018	77	76	71	58	123
PS1 75/75 guarantee policy	54,742	48,873	61,733	69,582	62,952	1,255	1,031	1,196	1,131	1,167
PS1 75/100 guarantee policy	22,879	22,782	28,993	27,494	17,233	508	467	548	437	314
PS1 100/100 guarantee policy	2,279	2,279	2,279	2,279	2,279	48	45	42	35	40
PS2 75/75 guarantee policy	53,431	60,595	74,321	123,187	138,000	1,557	1,584	1,741	2,361	2,942
PS2 75/100 guarantee policy	20,311	20,732	21,758	24,604	28,560	592	542	510	472	609
PS 75/75 guarantee policy	493	951	1,331	585	—	6	11	14	5	—
PS 75/100 guarantee policy	7,639	7,039	8,065	1,120	—	97	82	86	10	—
PPS 75/75 guarantee policy	36,524	34,550	33,313	—	—	473	407	357	—	—

Net Assets Attributable to Contractholders Per Unit (note 6)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	331.10	297.26	266.41	218.05	242.62	33.84	30.85
Individual No-Load (IA)	496.79	459.02	423.42	356.65	408.33	37.77	35.60
Individual Back-End Load (IB)	511.15	472.30	435.66	366.97	420.43	38.85	36.64
Managed Money (IC)	513.14	467.85	425.84	353.95	399.83	45.29	42.01
75/75 guarantee policy	22.62	20.90	19.28	16.24	18.61	1.72	1.62
75/100 guarantee policy	21.97	20.35	18.81	15.88	18.24	1.62	1.54
100/100 guarantee policy	20.82	19.36	17.98	15.24	17.57	1.46	1.38
PS1 75/75 guarantee policy	22.92	21.09	19.38	16.25	18.54	1.83	1.71
PS1 75/100 guarantee policy	22.20	20.50	18.89	15.90	18.20	1.70	1.61
PS1 100/100 guarantee policy	21.27	19.73	18.27	15.44	17.75	1.54	1.46
PS2 75/75 guarantee policy	29.13	26.15	23.43	19.17	21.32	2.98	2.72
PS2 75/100 guarantee policy	29.13	26.15	23.43	19.17	21.32	2.98	2.72
PS 75/75 guarantee policy	12.77	11.67	10.64	8.87	—	1.10	1.03
PS 75/100 guarantee policy	12.67	11.60	10.61	8.86	—	1.07	0.99
PPS 75/75 guarantee policy	12.95	11.79	10.71	—	—	1.16	1.08

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) **Stocks**

Stocks are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

e) **Cash, Short-term Deposits and Overdrafts**

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Dividend income - accrued as of the ex-dividend date and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) **Amounts Due to/from Broker**

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) **Amounts Due to/from Outside Parties**

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) **Other Expenses**

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) **Income Allocation**

Net gain (loss) on investments, which includes dividend income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit.

m) **Issue and Redemption of Units**

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

3. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

4. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

5. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

6. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

7. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

International Equity Fund 13.01JPMF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. COMPARATIVE FIGURES

The Fund has adjusted the comparative figures disclosed for dividend income received. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

International Equity Fund 13.01JPMF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.91	2.91	2.91	2.97	3.25
Individual Back-End Load (IB)	2.91	2.91	2.91	2.96	3.03
Managed Money (IC)	1.58	1.58	1.58	1.59	1.69
75/75 guarantee policy	2.91	2.91	2.91	2.96	3.02
75/100 guarantee policy	3.13	3.14	3.14	3.19	3.28
100/100 guarantee policy	3.55	3.56	3.56	3.65	3.72
PS1 75/75 guarantee policy	2.50	2.50	2.50	2.51	2.50
PS1 75/100 guarantee policy	2.83	2.84	2.83	2.83	2.84
PS1 100/100 guarantee policy	3.27	3.28	3.28	3.29	3.28
PS 75/75 guarantee policy	1.80	1.81	1.79	1.79	—
PS 75/100 guarantee policy	2.02	2.02	2.02	2.01	—
PPS 75/75 guarantee policy	1.39	1.39	1.39	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	29.04	36.61	28.03	34.43	32.73

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND 18.01CI**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 18.01CI (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 18.01CI

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	9,135	9,846
Total investments	9,135	9,846
Total assets	\$ 9,135	\$ 9,846
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 9,135	\$ 9,846

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,112	\$ 826
Miscellaneous income (loss)	—	—
Total income	1,112	826
Expenses		
Management fees (note 8)	237	259
Other	23	23
Total expenses	260	282
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 852	\$ 544

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 9,846	\$ 12,232
Contractholder deposits	118	113
Contractholder withdrawals	(1,681)	(3,043)
Increase (decrease) in net assets from operations attributable to contractholders	852	544
Change in net assets attributable to contractholders	(711)	(2,386)
Net assets attributable to contractholders - end of year	\$ 9,135	\$ 9,846

Balanced Income Fund 18.01CI

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 852	\$ 544
Adjustments		
Realized (gains) losses	(1,079)	(1,392)
Unrealized (gains) losses	(33)	566
Gross proceeds of disposition of investments	2,325	4,394
Gross payments for the purchase of investments	(502)	(1,182)
	<u>1,563</u>	<u>2,930</u>
Financing Activities		
Contractholder deposits	118	113
Contractholder withdrawals	(1,681)	(3,043)
	<u>(1,563)</u>	<u>(2,930)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund 18.01CI

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.17CI	3,111	4,117
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 0.50% 11-01-2023	5.95%	
Province of Ontario 1.75% 09-08-2025	3.60%	
Province of Ontario 2.60% 06-02-2025	3.35%	
Government of Canada 2.00% 12-01-2051	3.08%	
Government of Canada 0.25% 11-01-2022	2.96%	
Canadian Large Cap Equity Index Fund 18.20G	377	754
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Canadian Value Fund 18.22CI	1,028	2,266
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	5.35%	
Dollarama Inc.	4.69%	
Alphabet Inc. Class A	4.44%	
Brookfield Asset Management Inc.	4.29%	
The Bank of Nova Scotia	4.20%	
Global Equity Fund 18.25CI	562	1,499
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.68%	
Cash and short-term deposits	3.94%	
Alphabet Inc. Class A	3.37%	
Apple Inc.	3.26%	
Amazon.com Inc.	2.36%	
U.S. Equity Index Fund 18.28G	155	499
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	5,233	9,135

Balanced Income Fund 18.01CI

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	51,584	76,069	81,539	96,045	105,376	1,002	1,350	1,336	1,385	1,603
75/100 guarantee policy	244,044	308,227	371,875	388,500	468,415	4,717	5,446	6,069	5,583	7,105
100/100 guarantee policy	24,797	23,276	58,801	60,982	72,359	471	404	945	865	1,084
PS1 75/75 guarantee policy	29,202	28,834	26,153	25,687	26,044	556	498	415	357	379
PS1 75/100 guarantee policy	84,560	80,679	91,779	87,031	84,324	1,600	1,387	1,449	1,203	1,224
PS1 100/100 guarantee policy	35,625	36,334	114,375	118,380	115,444	663	616	1,783	1,619	1,659
PS2 75/75 guarantee policy	2,378	2,636	3,127	3,047	3,063	57	57	59	49	51
PS2 75/100 guarantee policy	1,184	2,429	7,416	8,255	10,719	28	51	141	134	178
PS 75/100 guarantee policy	3,144	3,172	3,202	—	—	41	37	35	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.43	17.75	16.39	14.42	15.22	1.68	1.36
75/100 guarantee policy	19.33	17.67	16.32	14.37	15.17	1.66	1.35
100/100 guarantee policy	18.98	17.37	16.07	14.18	14.98	1.61	1.30
PS1 75/75 guarantee policy	19.02	17.28	15.86	13.88	14.55	1.74	1.42
PS1 75/100 guarantee policy	18.92	17.20	15.79	13.83	14.51	1.72	1.41
PS1 100/100 guarantee policy	18.62	16.95	15.59	13.67	14.37	1.67	1.36
PS2 75/75 guarantee policy	23.83	21.15	18.96	16.21	16.60	2.68	2.19
PS2 75/100 guarantee policy	23.83	21.14	18.96	16.21	16.60	2.69	2.18
PS 75/100 guarantee policy	13.05	11.80	10.78	—	—	1.25	1.02

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 18.01CI (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund 18.01CI

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 18.01CI

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.94	2.92	2.92	2.94	2.94
75/100 guarantee policy	3.00	2.97	2.98	3.00	2.99
100/100 guarantee policy	3.14	3.14	3.13	3.15	3.14
PS1 75/75 guarantee policy	2.36	2.34	2.35	2.36	2.35
PS1 75/100 guarantee policy	2.41	2.39	2.40	2.41	2.41
PS1 100/100 guarantee policy	2.58	2.58	2.56	2.58	2.57
PS 75/100 guarantee policy	1.89	1.88	1.87	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	5.41	11.59	5.13	4.90	4.61

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE BALANCED FUND 18.02G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Balanced Fund 18.02G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Balanced Fund 18.02G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	70,149	68,456
Total investments	70,149	68,456
Total assets	\$ 70,149	\$ 68,456
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 70,149	\$ 68,456

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 9,087	\$ 4,861
Miscellaneous income (loss)	—	—
Total income	9,087	4,861
Expenses		
Management fees (note 8)	1,697	1,657
Other	128	123
Total expenses	1,825	1,780
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 7,262	\$ 3,081

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 68,456	\$ 73,653
Contractholder deposits	599	498
Contractholder withdrawals	(6,168)	(8,776)
Increase (decrease) in net assets from operations attributable to contractholders	7,262	3,081
Change in net assets attributable to contractholders	1,693	(5,197)
Net assets attributable to contractholders - end of year	\$ 70,149	\$ 68,456

Core Balanced Fund 18.02G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 7,262	\$ 3,081
Adjustments		
Realized (gains) losses	(4,686)	(5,465)
Unrealized (gains) losses	(4,401)	604
Gross proceeds of disposition of investments	9,426	17,155
Gross payments for the purchase of investments	(2,032)	(7,097)
	<u>5,569</u>	<u>8,278</u>
Financing Activities		
Contractholder deposits	599	498
Contractholder withdrawals	(6,168)	(8,776)
	<u>(5,569)</u>	<u>(8,278)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Balanced Fund 18.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Investment Fund No. 1	21,886	27,939
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	2,988	6,350
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 18.20G	2,978	6,342
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Dividend Fund 18.23L	3,138	6,361
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Dividend Fund 8.01G	2,883	6,360
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Core Balanced Fund 18.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 15.02SAM	1,583	4,222
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.76%	
Alphabet Inc. Class A	3.40%	
Berkshire Hathaway Inc. Class B	3.07%	
McDonald's Corp.	2.79%	
Oracle Corp.	2.77%	
International Equity Investment Fund No. 1	2,690	4,125
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.28%	
Diageo PLC	2.91%	
AstraZeneca PLC	2.40%	
Hoya Corp.	2.38%	
Lonza Group AG	2.37%	
U.S. Equity Index Fund 18.28G	1,164	4,222
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
U.S. Equity Investment Fund No. 3	623	2,115
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 18.60P	1,143	2,113
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	3.81%	
Bank of America Corp.	3.62%	
JPMorgan Chase & Co.	3.17%	
Walmart Inc.	2.80%	
Citigroup Inc.	2.35%	
Total Investments	41,076	70,149

Core Balanced Fund 18.02G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	971,690	1,077,410	1,184,668	1,336,785	1,209,553	19,224	19,213	20,140	20,316	19,402
75/100 guarantee policy	2,192,257	2,437,469	2,763,625	3,054,091	3,287,397	43,147	43,267	46,790	46,249	52,573
100/100 guarantee policy	22,662	21,711	39,100	57,539	55,343	439	380	654	862	877
PS1 75/75 guarantee policy	100,477	92,119	95,134	183,528	41,084	1,916	1,574	1,541	2,642	621
PS1 75/100 guarantee policy	186,073	132,584	143,395	154,437	152,238	3,530	2,255	2,313	2,215	2,293
PS1 100/100 guarantee policy	17,367	17,955	51,357	53,684	56,260	324	301	818	762	839
PS2 75/75 guarantee policy	890	153	525	5,557	15,630	21	3	10	92	266
PS2 75/100 guarantee policy	45,594	49,571	50,423	85,145	88,578	1,063	1,015	958	1,407	1,505
PS 75/75 guarantee policy	2,663	2,775	2,874	—	—	34	31	30	—	—
PS 75/100 guarantee policy	15,429	16,682	17,732	—	—	194	188	188	—	—
PPS 75/75 guarantee policy	19,989	20,074	19,693	33,219	—	257	229	211	313	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.78	17.83	17.00	15.20	16.04	1.95	0.83
75/100 guarantee policy	19.68	17.75	16.93	15.14	15.99	1.93	0.82
100/100 guarantee policy	19.38	17.50	16.72	14.98	15.84	1.88	0.78
PS1 75/75 guarantee policy	19.07	17.09	16.20	14.40	15.11	1.98	0.89
PS1 75/100 guarantee policy	18.97	17.01	16.13	14.35	15.06	1.96	0.88
PS1 100/100 guarantee policy	18.67	16.77	15.93	14.19	14.92	1.90	0.84
PS2 75/75 guarantee policy	23.31	20.46	18.99	16.53	16.99	2.85	1.47
PS2 75/100 guarantee policy	23.32	20.47	18.99	16.53	16.99	2.85	1.48
PS 75/75 guarantee policy	12.62	11.25	10.61	—	—	1.37	0.64
PS 75/100 guarantee policy	12.60	11.24	10.61	—	—	1.36	0.63
PPS 75/75 guarantee policy	12.88	11.42	10.71	9.41	—	1.46	0.71

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Balanced Fund 18.02G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Balanced Fund 18.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Balanced Fund 18.02G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.68	2.67	2.68	2.68	2.67
75/100 guarantee policy	2.73	2.73	2.74	2.74	2.72
100/100 guarantee policy	2.88	2.89	2.89	2.89	2.87
PS1 75/75 guarantee policy	2.09	2.09	2.10	2.09	2.09
PS1 75/100 guarantee policy	2.14	2.15	2.16	2.16	2.14
PS1 100/100 guarantee policy	2.31	2.32	2.32	2.32	2.30
PS 75/75 guarantee policy	1.60	1.60	1.60	—	—
PS 75/100 guarantee policy	1.66	1.65	1.64	—	—
PPS 75/75 guarantee policy	1.02	1.02	1.02	1.02	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	2.94	10.46	2.70	7.24	3.66

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE BALANCED GROWTH PLUS FUND 18.03G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Balanced Growth Plus Fund 18.03G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Balanced Growth Plus Fund 18.03G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	53,298	53,291
Total investments	53,298	53,291
Total assets	\$ 53,298	\$ 53,291
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 53,298	\$ 53,291

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 8,405	\$ 3,555
Miscellaneous income (loss)	—	—
Total income	8,405	3,555
Expenses		
Management fees (note 8)	1,365	1,338
Other	140	139
Total expenses	1,505	1,477
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 6,900	\$ 2,078

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 53,291	\$ 57,406
Contractholder deposits	453	600
Contractholder withdrawals	(7,346)	(6,793)
Increase (decrease) in net assets from operations attributable to contractholders	6,900	2,078
Change in net assets attributable to contractholders	7	(4,115)
Net assets attributable to contractholders - end of year	\$ 53,298	\$ 53,291

Core Balanced Growth Plus Fund 18.03G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 6,900	\$ 2,078
Adjustments		
Realized (gains) losses	(4,935)	(3,999)
Unrealized (gains) losses	(3,470)	444
Gross proceeds of disposition of investments	10,381	12,451
Gross payments for the purchase of investments	(1,983)	(4,781)
	<u>6,893</u>	<u>6,193</u>
Financing Activities		
Contractholder deposits	453	600
Contractholder withdrawals	(7,346)	(6,793)
	<u>(6,893)</u>	<u>(6,193)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	<u>—</u>	<u>—</u>
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Balanced Growth Plus Fund 18.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Investment Fund No. 1	12,666	15,915
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	2,708	5,628
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 18.20G	2,666	5,624
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Dividend Fund 18.23L	2,809	5,641
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Dividend Fund 8.01G	2,558	5,647
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Core Balanced Growth Plus Fund 18.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 15.02SAM	1,443	3,725
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.76%	
Alphabet Inc. Class A	3.40%	
Berkshire Hathaway Inc. Class B	3.07%	
McDonald's Corp.	2.79%	
Oracle Corp.	2.77%	
International Equity Investment Fund No. 1	2,367	3,642
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.28%	
Diageo PLC	2.91%	
AstraZeneca PLC	2.40%	
Hoya Corp.	2.38%	
Lonza Group AG	2.37%	
U.S. Equity Index Fund 18.28G	976	3,730
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
U.S. Equity Investment Fund No. 3	542	1,872
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 18.60P	1,000	1,874
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	3.81%	
Bank of America Corp.	3.62%	
JPMorgan Chase & Co.	3.17%	
Walmart Inc.	2.80%	
Citigroup Inc.	2.35%	
Total Investments	29,735	53,298

Core Balanced Growth Plus Fund 18.03G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	823,790	927,453	1,045,704	1,173,823	1,271,215	17,293	17,138	18,517	18,395	21,213
75/100 guarantee policy	1,462,469	1,585,770	1,810,814	1,957,401	2,341,643	30,470	29,099	31,860	30,496	38,868
100/100 guarantee policy	25,190	24,714	24,471	28,284	37,234	514	445	423	433	609
PS1 75/75 guarantee policy	90,589	136,578	107,551	85,021	66,388	1,845	2,435	1,826	1,270	1,049
PS1 75/100 guarantee policy	108,508	180,356	215,938	227,833	300,121	2,198	3,199	3,650	3,390	4,729
PS1 100/100 guarantee policy	8,578	8,525	16,614	16,695	16,237	171	149	277	246	254
PS2 75/75 guarantee policy	18,770	21,302	24,265	41,661	30,506	475	461	490	723	548
PS2 75/100 guarantee policy	1,052	6,751	7,136	18,957	15,664	27	146	144	329	281
PS 75/75 guarantee policy	8,675	6,792	7,599	6,243	—	112	76	81	58	—
PS 75/100 guarantee policy	15,072	12,828	13,023	16,282	—	193	143	138	151	—
PPS 75/75 guarantee policy	—	—	27	—	—	—	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	20.99	18.48	17.71	15.67	16.69	2.51	0.77
75/100 guarantee policy	20.83	18.35	17.59	15.58	16.60	2.48	0.76
100/100 guarantee policy	20.40	18.00	17.28	15.33	16.35	2.40	0.72
PS1 75/75 guarantee policy	20.37	17.82	16.98	14.93	15.81	2.55	0.84
PS1 75/100 guarantee policy	20.26	17.73	16.90	14.88	15.76	2.53	0.83
PS1 100/100 guarantee policy	19.94	17.48	16.69	14.72	15.61	2.46	0.79
PS2 75/75 guarantee policy	25.32	21.66	20.17	17.35	17.95	3.66	1.49
PS2 75/100 guarantee policy	25.32	21.66	20.17	17.35	17.95	3.66	1.49
PS 75/75 guarantee policy	12.85	11.19	10.61	9.28	—	1.66	0.58
PS 75/100 guarantee policy	12.83	11.17	10.60	9.28	—	1.66	0.57
PPS 75/75 guarantee policy	—	—	10.72	—	—	—	—

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Balanced Growth Plus Fund 18.03G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Balanced Growth Plus Fund 18.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Balanced Growth Plus Fund 18.03G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.85	2.86	2.87	2.88	2.87
75/100 guarantee policy	2.91	2.91	2.92	2.94	2.93
100/100 guarantee policy	3.06	3.07	3.08	3.09	3.07
PS1 75/75 guarantee policy	2.27	2.26	2.27	2.27	2.27
PS1 75/100 guarantee policy	2.32	2.32	2.33	2.34	2.32
PS1 100/100 guarantee policy	2.48	2.49	2.49	2.50	2.50
PS 75/75 guarantee policy	1.75	1.75	1.76	1.76	—
PS 75/100 guarantee policy	1.80	1.81	1.81	1.81	—
PPS 75/75 guarantee policy	—	—	1.16	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	3.70	9.04	2.32	3.86	6.90

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE CONSERVATIVE GROWTH FUND 18.04G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Conservative Growth Fund 18.04G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Conservative Growth Fund 18.04G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	17,741	17,985
Total investments	17,741	17,985
Total assets	\$ 17,741	\$ 17,985
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 17,741	\$ 17,985

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 980	\$ 1,492
Miscellaneous income (loss)	—	—
Total income	980	1,492
Expenses		
Management fees (note 8)	318	319
Other	30	26
Total expenses	348	345
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 632	\$ 1,147

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 17,985	\$ 18,402
Contractholder deposits	1,930	638
Contractholder withdrawals	(2,806)	(2,202)
Increase (decrease) in net assets from operations attributable to contractholders	632	1,147
Change in net assets attributable to contractholders	(244)	(417)
Net assets attributable to contractholders - end of year	\$ 17,741	\$ 17,985

Core Conservative Growth Fund 18.04G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 632	\$ 1,147
Adjustments		
Realized (gains) losses	(908)	(809)
Unrealized (gains) losses	(72)	(683)
Gross proceeds of disposition of investments	3,726	4,332
Gross payments for the purchase of investments	(2,502)	(2,423)
	<u>876</u>	<u>1,564</u>
Financing Activities		
Contractholder deposits	1,930	638
Contractholder withdrawals	(2,806)	(2,202)
	<u>(876)</u>	<u>(1,564)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Conservative Growth Fund 18.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Investment Fund No. 1	10,567	12,441
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	496	796
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 18.20G	479	796
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Dividend Fund 18.23L	505	797
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Dividend Fund 8.01G	485	797
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Core Conservative Growth Fund 18.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 15.02SAM	321	528
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.76%	
Alphabet Inc. Class A	3.40%	
Berkshire Hathaway Inc. Class B	3.07%	
McDonald's Corp.	2.79%	
Oracle Corp.	2.77%	
International Equity Investment Fund No. 1	389	529
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.28%	
Diageo PLC	2.91%	
AstraZeneca PLC	2.40%	
Hoya Corp.	2.38%	
Lonza Group AG	2.37%	
U.S. Equity Index Fund 18.28G	265	528
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
U.S. Equity Investment Fund No. 3	136	264
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 18.60P	164	265
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	3.81%	
Bank of America Corp.	3.62%	
JPMorgan Chase & Co.	3.17%	
Walmart Inc.	2.80%	
Citigroup Inc.	2.35%	
Total Investments	13,807	17,741

Core Conservative Growth Fund 18.04G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	304,353	266,033	270,616	259,892	232,045	4,871	4,132	3,961	3,511	3,233
75/100 guarantee policy	333,431	384,878	483,097	449,982	559,894	5,300	5,940	7,031	6,047	7,765
100/100 guarantee policy	19,223	8,288	9,108	15,110	13,128	300	126	130	200	180
PS1 75/75 guarantee policy	145,511	147,643	89,988	18,754	15,453	2,178	2,135	1,221	234	198
PS1 75/100 guarantee policy	102,423	124,131	163,905	150,215	179,265	1,525	1,787	2,215	1,866	2,288
PS1 100/100 guarantee policy	8,031	9,837	20,687	6,070	6,070	118	140	276	75	77
PS2 75/75 guarantee policy	16,962	19,191	19,515	25,208	20,374	306	329	308	358	291
PS2 75/100 guarantee policy	130,998	134,519	139,499	127,596	158,626	2,368	2,303	2,198	1,812	2,267
PS 75/75 guarantee policy	24,357	60,021	79,097	2,361	—	289	684	840	23	—
PS 75/100 guarantee policy	667	671	2,042	—	—	8	8	22	—	—
PPS 75/75 guarantee policy	38,215	33,334	18,708	—	—	460	384	200	—	—
PPS 75/100 guarantee policy	1,505	1,513	—	—	—	18	17	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.00	15.53	14.64	13.51	13.93	0.47	0.89
75/100 guarantee policy	15.89	15.43	14.55	13.44	13.87	0.46	0.88
100/100 guarantee policy	15.60	15.17	14.33	13.25	13.69	0.43	0.84
PS1 75/75 guarantee policy	14.97	14.46	13.57	12.47	12.80	0.51	0.89
PS1 75/100 guarantee policy	14.89	14.40	13.51	12.42	12.76	0.49	0.89
PS1 100/100 guarantee policy	14.66	14.19	13.35	12.29	12.65	0.47	0.84
PS2 75/75 guarantee policy	18.08	17.12	15.76	14.20	14.29	0.96	1.36
PS2 75/100 guarantee policy	18.07	17.12	15.76	14.20	14.29	0.95	1.36
PS 75/75 guarantee policy	11.87	11.39	10.62	9.70	—	0.48	0.77
PS 75/100 guarantee policy	11.85	11.38	10.61	—	—	0.47	0.77
PPS 75/75 guarantee policy	12.05	11.52	10.69	—	—	0.53	0.83
PPS 75/100 guarantee policy	12.03	11.50	—	—	—	0.53	0.82

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Conservative Growth Fund 18.04G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Conservative Growth Fund 18.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Conservative Growth Fund 18.04G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.41	2.39	2.40	2.41	2.41
75/100 guarantee policy	2.47	2.44	2.46	2.47	2.46
100/100 guarantee policy	2.60	2.58	2.60	2.61	2.60
PS1 75/75 guarantee policy	1.97	1.94	1.95	1.97	1.96
PS1 75/100 guarantee policy	2.03	2.00	2.01	2.03	2.02
PS1 100/100 guarantee policy	2.19	2.17	2.17	2.19	2.18
PS 75/75 guarantee policy	1.33	1.31	1.31	1.31	—
PS 75/100 guarantee policy	1.37	1.36	1.37	—	—
PPS 75/75 guarantee policy	0.87	0.86	0.87	—	—
PPS 75/100 guarantee policy	0.93	0.92	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	13.87	13.37	15.36	8.81	4.35

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE MODERATE FUND 18.05G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Moderate Fund 18.05G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Moderate Fund 18.05G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	15,274	13,555
Total investments	15,274	13,555
Total assets	\$ 15,274	\$ 13,555
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 15,274	\$ 13,555

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,208	\$ 1,115
Miscellaneous income (loss)	—	—
Total income	1,208	1,115
Expenses		
Management fees (note 8)	312	294
Other	41	38
Total expenses	353	332
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 855	\$ 783

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 13,555	\$ 12,794
Contractholder deposits	2,303	826
Contractholder withdrawals	(1,439)	(848)
Increase (decrease) in net assets from operations attributable to contractholders	855	783
Change in net assets attributable to contractholders	1,719	761
Net assets attributable to contractholders - end of year	\$ 15,274	\$ 13,555

Core Moderate Fund 18.05G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 855	\$ 783
Adjustments		
Realized (gains) losses	(898)	(535)
Unrealized (gains) losses	(310)	(580)
Gross proceeds of disposition of investments	4,934	3,694
Gross payments for the purchase of investments	(5,445)	(3,340)
	<u>(864)</u>	<u>22</u>
Financing Activities		
Contractholder deposits	2,303	826
Contractholder withdrawals	(1,439)	(848)
	<u>864</u>	<u>(22)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Moderate Fund 18.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Investment Fund No. 1	8,214	9,142
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	653	923
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 18.20G	629	922
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Dividend Fund 18.23L	644	922
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Dividend Fund 8.01G	635	923
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Core Moderate Fund 18.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 15.02SAM	421	609
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.76%	
Alphabet Inc. Class A	3.40%	
Berkshire Hathaway Inc. Class B	3.07%	
McDonald's Corp.	2.79%	
Oracle Corp.	2.77%	
International Equity Investment Fund No. 1	482	611
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.28%	
Diageo PLC	2.91%	
AstraZeneca PLC	2.40%	
Hoya Corp.	2.38%	
Lonza Group AG	2.37%	
U.S. Equity Index Fund 18.28G	362	610
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
U.S. Equity Investment Fund No. 3	182	306
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 18.60P	209	306
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	3.81%	
Bank of America Corp.	3.62%	
JPMorgan Chase & Co.	3.17%	
Walmart Inc.	2.80%	
Citigroup Inc.	2.35%	
Total Investments	12,431	15,274

Core Moderate Fund 18.05G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	315,345	380,408	380,130	292,595	156,311	5,367	6,139	5,793	4,074	2,265
75/100 guarantee policy	190,254	186,141	205,083	198,166	186,080	3,228	2,996	3,119	2,755	2,694
100/100 guarantee policy	6,435	6,263	6,174	6,063	5,828	107	99	92	83	83
PS1 75/75 guarantee policy	327,889	268,417	250,971	130,800	68,164	5,301	4,094	3,597	1,704	919
PS1 75/100 guarantee policy	39,583	8,405	7,009	7,358	7,700	637	127	100	95	104
PS2 75/75 guarantee policy	25,219	5,475	5,561	6,003	690	498	100	93	90	10
PS2 75/100 guarantee policy	6,909	—	—	—	—	136	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.02	16.14	15.24	13.92	14.49	0.88	0.90
75/100 guarantee policy	16.97	16.10	15.21	13.90	14.48	0.87	0.89
100/100 guarantee policy	16.63	15.80	14.95	13.69	14.28	0.83	0.85
PS1 75/75 guarantee policy	16.17	15.25	14.33	13.03	13.49	0.92	0.92
PS1 75/100 guarantee policy	16.08	15.18	14.27	12.98	13.44	0.90	0.91
PS2 75/75 guarantee policy	19.74	18.23	16.78	14.94	15.15	1.51	1.45
PS2 75/100 guarantee policy	19.74	—	—	—	—	1.51	—

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Moderate Fund 18.05G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Moderate Fund 18.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Moderate Fund 18.05G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.60	2.60	2.59	2.58	2.59
75/100 guarantee policy	2.66	2.66	2.65	2.64	2.64
100/100 guarantee policy	2.81	2.81	2.80	2.80	2.79
PS1 75/75 guarantee policy	2.09	2.09	2.08	2.08	2.08
PS1 75/100 guarantee policy	2.13	2.15	2.14	2.13	2.15

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	33.16	24.67	11.46	12.60	5.48

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CORE MODERATE GROWTH PLUS FUND 18.06G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Core Moderate Growth Plus Fund 18.06G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Core Moderate Growth Plus Fund 18.06G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	14,893	15,000
Total investments	14,893	15,000
Total assets	\$ 14,893	\$ 15,000
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 14,893	\$ 15,000

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,576	\$ 1,069
Miscellaneous income (loss)	—	—
Total income	1,576	1,069
Expenses		
Management fees (note 8)	349	344
Other	38	38
Total expenses	387	382
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 1,189	\$ 687

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 15,000	\$ 15,264
Contractholder deposits	205	253
Contractholder withdrawals	(1,501)	(1,204)
Increase (decrease) in net assets from operations attributable to contractholders	1,189	687
Change in net assets attributable to contractholders	(107)	(264)
Net assets attributable to contractholders - end of year	\$ 14,893	\$ 15,000

Core Moderate Growth Plus Fund 18.06G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 1,189	\$ 687
Adjustments		
Realized (gains) losses	(893)	(624)
Unrealized (gains) losses	(683)	(445)
Gross proceeds of disposition of investments	2,246	2,307
Gross payments for the purchase of investments	(563)	(974)
	<u>1,296</u>	<u>951</u>
Financing Activities		
Contractholder deposits	205	253
Contractholder withdrawals	(1,501)	(1,204)
	<u>(1,296)</u>	<u>(951)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Core Moderate Growth Plus Fund 18.06G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Investment Fund No. 1	5,917	7,436
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	599	1,117
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Large Cap Equity Index Fund 18.20G	582	1,112
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Dividend Fund 18.23L	632	1,127
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Dividend Fund 8.01G	592	1,125
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Core Moderate Growth Plus Fund 18.06G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Equity Fund 15.02SAM	369	746
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	4.76%	
Alphabet Inc. Class A	3.40%	
Berkshire Hathaway Inc. Class B	3.07%	
McDonald's Corp.	2.79%	
Oracle Corp.	2.77%	
International Equity Investment Fund No. 1	501	740
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Sony Group Corp.	3.28%	
Diageo PLC	2.91%	
AstraZeneca PLC	2.40%	
Hoya Corp.	2.38%	
Lonza Group AG	2.37%	
U.S. Equity Index Fund 18.28G	277	744
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
U.S. Equity Investment Fund No. 3	146	374
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 18.60P	209	372
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	3.81%	
Bank of America Corp.	3.62%	
JPMorgan Chase & Co.	3.17%	
Walmart Inc.	2.80%	
Citigroup Inc.	2.35%	
Total Investments	9,824	14,893

Core Moderate Growth Plus Fund 18.06G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	214,462	232,727	258,094	294,223	296,090	3,926	3,936	4,164	4,292	4,528
75/100 guarantee policy	456,823	507,865	559,486	633,767	612,472	8,309	8,538	8,977	9,200	9,326
100/100 guarantee policy	51	166	455	713	678	1	3	7	10	10
PS1 75/75 guarantee policy	6,865	7,820	13,502	32,074	9,008	120	125	205	439	128
PS1 75/100 guarantee policy	138,164	141,966	117,663	53,908	83,556	2,409	2,275	1,790	738	1,193
PS1 100/100 guarantee policy	5,082	5,375	5,696	13,547	12,223	87	85	85	183	172
PS2 75/75 guarantee policy	705	716	726	—	740	15	14	13	—	12
PS2 75/100 guarantee policy	1,245	1,265	1,286	1,307	1,329	26	24	23	20	21

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.31	16.91	16.13	14.59	15.29	1.40	0.78
75/100 guarantee policy	18.19	16.81	16.05	14.52	15.23	1.38	0.76
100/100 guarantee policy	17.82	16.49	15.76	14.28	15.01	1.33	0.73
PS1 75/75 guarantee policy	17.45	16.03	15.21	13.68	14.26	1.42	0.82
PS1 75/100 guarantee policy	17.43	16.03	15.21	13.69	14.28	1.40	0.82
PS1 100/100 guarantee policy	17.08	15.73	14.96	13.48	14.08	1.35	0.77
PS2 75/75 guarantee policy	21.37	19.22	17.85	—	16.03	2.15	1.37
PS2 75/100 guarantee policy	21.34	19.20	17.83	15.70	16.03	2.14	1.37

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Core Moderate Growth Plus Fund 18.06G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Core Moderate Growth Plus Fund 18.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Core Moderate Growth Plus Fund 18.06G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.66	2.66	2.66	2.66	2.65
75/100 guarantee policy	2.71	2.72	2.72	2.72	2.71
100/100 guarantee policy	2.89	2.87	2.87	2.89	2.88
PS1 75/75 guarantee policy	2.11	2.11	2.11	2.10	2.10
PS1 75/100 guarantee policy	2.16	2.16	2.16	2.17	2.16
PS1 100/100 guarantee policy	2.33	2.33	2.35	2.33	2.33

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	3.79	6.66	7.37	12.49	7.37

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND 18.07TE

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 18.07TE (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 18.07TE

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	4,766	5,074
Total investments	4,766	5,074
Total assets	\$ 4,766	\$ 5,074
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 4,766	\$ 5,074

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 491	\$ 309
Miscellaneous income (loss)	—	—
Total income	491	309
Expenses		
Management fees (note 8)	105	119
Other	8	9
Total expenses	113	128
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 378	\$ 181

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 5,074	\$ 6,571
Contractholder deposits	29	26
Contractholder withdrawals	(715)	(1,704)
Increase (decrease) in net assets from operations attributable to contractholders	378	181
Change in net assets attributable to contractholders	(308)	(1,497)
Net assets attributable to contractholders - end of year	\$ 4,766	\$ 5,074

Balanced Income Fund 18.07TE

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 378	\$ 181
Adjustments		
Realized (gains) losses	(331)	(541)
Unrealized (gains) losses	(160)	232
Gross proceeds of disposition of investments	918	2,153
Gross payments for the purchase of investments	(119)	(347)
	<u>686</u>	<u>1,678</u>
Financing Activities		
Contractholder deposits	29	26
Contractholder withdrawals	(715)	(1,704)
	<u>(686)</u>	<u>(1,678)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund 18.07TE

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Large Cap Equity Index Fund 18.20G	209	395
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Equity Fund 6.14BST	647	1,194
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.53%	
Brookfield Asset Management Inc.	6.52%	
The Toronto-Dominion Bank	5.98%	
Canadian National Railway Co.	4.91%	
The Bank of Nova Scotia	4.44%	
Fixed Income Fund 18.24TE	1,694	2,132
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Quebec 5.75% 12-01-2036	2.44%	
Province of Saskatchewan 5.60% 09-05-2035	2.40%	
Province of Manitoba 5.70% 03-05-2037	2.06%	
Province of Alberta 3.90% 12-01-2033	1.91%	
Canada Housing Trust No. 1 1.10% 12-15-2026	1.90%	
Global Equity Fund 18.37TE	478	782
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.74%	
Dollar Tree Inc.	2.67%	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.59%	
E.ON SE	2.54%	
The Walt Disney Co.	2.54%	
U.S. Equity Index Fund 18.28G	97	263
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	3,125	4,766

Balanced Income Fund 18.07TE

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	26,691	31,370	46,398	55,663	65,552	486	531	754	817	1,023
75/100 guarantee policy	109,177	121,217	179,809	213,273	256,673	1,980	2,045	2,916	3,127	4,000
100/100 guarantee policy	3,371	2,937	7,251	5,272	5,073	60	49	116	76	78
PS1 75/75 guarantee policy	17,577	18,190	35,022	39,339	40,007	310	297	545	551	592
PS1 75/100 guarantee policy	55,764	73,263	72,566	76,274	72,521	979	1,190	1,126	1,064	1,069
PS1 100/100 guarantee policy	19,157	20,330	29,628	31,341	31,780	331	325	454	432	464
PS2 75/75 guarantee policy	28,195	32,077	35,599	40,071	45,036	620	637	660	653	757

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.19	16.92	16.25	14.68	15.60	1.27	0.67
75/100 guarantee policy	18.14	16.87	16.22	14.66	15.58	1.27	0.65
100/100 guarantee policy	17.81	16.60	15.97	14.47	15.40	1.21	0.63
PS1 75/75 guarantee policy	17.65	16.32	15.58	14.00	14.79	1.33	0.74
PS1 75/100 guarantee policy	17.56	16.24	15.52	13.95	14.74	1.32	0.72
PS1 100/100 guarantee policy	17.28	16.01	15.32	13.80	14.61	1.27	0.69
PS2 75/75 guarantee policy	21.98	19.86	18.54	16.29	16.81	2.12	1.32

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 18.07TE (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund 18.07TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 18.07TE

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.83	2.84	2.85	2.88	2.87
75/100 guarantee policy	2.89	2.90	2.91	2.93	2.92
100/100 guarantee policy	3.04	3.07	3.07	3.09	3.09
PS1 75/75 guarantee policy	2.26	2.28	2.28	2.30	2.29
PS1 75/100 guarantee policy	2.32	2.32	2.33	2.35	2.34
PS1 100/100 guarantee policy	2.48	2.49	2.49	2.51	2.50

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	2.45	6.38	2.26	2.87	10.41

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND 18.08TE

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund 18.08TE (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Growth Fund 18.08TE

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	5,116	5,144
Total investments	5,116	5,144
Total assets	\$ 5,116	\$ 5,144
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 5,116	\$ 5,144

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 410	\$ 194
Miscellaneous income (loss)	—	—
Total income	410	194
Expenses		
Management fees (note 8)	123	134
Other	10	10
Total expenses	133	144
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 277	\$ 50

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 5,144	\$ 7,343
Contractholder deposits	193	124
Contractholder withdrawals	(498)	(2,373)
Increase (decrease) in net assets from operations attributable to contractholders	277	50
Change in net assets attributable to contractholders	(28)	(2,199)
Net assets attributable to contractholders - end of year	\$ 5,116	\$ 5,144

Moderate Growth Fund 18.08TE

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 277	\$ 50
Adjustments		
Realized (gains) losses	(305)	(637)
Unrealized (gains) losses	(105)	443
Gross proceeds of disposition of investments	774	2,825
Gross payments for the purchase of investments	(336)	(432)
	<u>305</u>	<u>2,249</u>
Financing Activities		
Contractholder deposits	193	124
Contractholder withdrawals	(498)	(2,373)
	<u>(305)</u>	<u>(2,249)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Fund 18.08TE

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Large Cap Equity Index Fund 18.20G	178	344
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Equity Fund 6.14BST	545	1,033
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.53%	
Brookfield Asset Management Inc.	6.52%	
The Toronto-Dominion Bank	5.98%	
Canadian National Railway Co.	4.91%	
The Bank of Nova Scotia	4.44%	
Fixed Income Fund 18.24TE	2,209	2,828
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Quebec 5.75% 12-01-2036	2.44%	
Province of Saskatchewan 5.60% 09-05-2035	2.40%	
Province of Manitoba 5.70% 03-05-2037	2.06%	
Province of Alberta 3.90% 12-01-2033	1.91%	
Canada Housing Trust No. 1 1.10% 12-15-2026	1.90%	
Global Equity Fund 18.37TE	421	684
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.74%	
Dollar Tree Inc.	2.67%	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.59%	
E.ON SE	2.54%	
The Walt Disney Co.	2.54%	
U.S. Equity Index Fund 18.28G	85	227
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	3,438	5,116

Moderate Growth Fund 18.08TE

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	64,901	65,489	81,450	85,071	104,724	1,109	1,062	1,262	1,202	1,557
75/100 guarantee policy	124,045	125,013	161,580	180,365	209,495	2,118	2,027	2,502	2,549	3,117
100/100 guarantee policy	19,389	17,708	49,802	46,968	45,886	325	282	760	655	674
PS1 75/75 guarantee policy	18,880	30,185	34,537	42,478	38,971	312	471	512	571	548
PS1 75/100 guarantee policy	43,215	50,861	50,686	53,303	47,606	711	791	748	714	667
PS1 100/100 guarantee policy	28,230	29,358	101,196	104,007	101,343	458	450	1,475	1,378	1,408
PS2 75/75 guarantee policy	2,857	3,226	3,614	3,959	2,318	58	61	63	61	37
PS2 75/100 guarantee policy	1,208	—	1,182	1,566	3,554	25	—	21	24	56

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.09	16.22	15.49	14.13	14.86	0.87	0.73
75/100 guarantee policy	17.07	16.21	15.49	14.13	14.88	0.86	0.72
100/100 guarantee policy	16.76	15.94	15.25	13.94	14.70	0.82	0.69
PS1 75/75 guarantee policy	16.55	15.62	14.83	13.44	14.06	0.93	0.79
PS1 75/100 guarantee policy	16.46	15.54	14.76	13.39	14.02	0.92	0.78
PS1 100/100 guarantee policy	16.21	15.33	14.58	13.25	13.89	0.88	0.75
PS2 75/75 guarantee policy	20.36	18.80	17.47	15.50	15.87	1.56	1.33
PS2 75/100 guarantee policy	20.36	—	17.46	15.50	15.87	1.56	—

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund 18.08TE (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund 18.08TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund 18.08TE

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.74	2.73	2.74	2.75	2.75
75/100 guarantee policy	2.80	2.79	2.79	2.81	2.80
100/100 guarantee policy	2.94	2.95	2.94	2.95	2.95
PS1 75/75 guarantee policy	2.16	2.15	2.16	2.16	2.16
PS1 75/100 guarantee policy	2.22	2.20	2.21	2.22	2.22
PS1 100/100 guarantee policy	2.38	2.38	2.37	2.38	2.38

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	6.50	7.70	2.15	4.15	9.56

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND 18.09TE

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Fund 18.09TE (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Fund 18.09TE

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	2,711	3,198
Total investments	2,711	3,198
Total assets	\$ 2,711	\$ 3,198
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 2,711	\$ 3,198

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 161	\$ 262
Miscellaneous income (loss)	—	—
Total income	161	262
Expenses		
Management fees (note 8)	67	77
Other	6	8
Total expenses	73	85
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 88	\$ 177

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 3,198	\$ 3,713
Contractholder deposits	3	20
Contractholder withdrawals	(578)	(712)
Increase (decrease) in net assets from operations attributable to contractholders	88	177
Change in net assets attributable to contractholders	(487)	(515)
Net assets attributable to contractholders - end of year	\$ 2,711	\$ 3,198

Moderate Income Fund 18.09TE

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 88	\$ 177
Adjustments		
Realized (gains) losses	(207)	(315)
Unrealized (gains) losses	46	53
Gross proceeds of disposition of investments	709	1,394
Gross payments for the purchase of investments	(61)	(617)
	<u>575</u>	<u>692</u>
Financing Activities		
Contractholder deposits	3	20
Contractholder withdrawals	(578)	(712)
	<u>(575)</u>	<u>(692)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund 18.09TE

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Large Cap Equity Index Fund 18.20G	79	141
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
Equity Fund 6.14BST	246	425
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	6.53%	
Brookfield Asset Management Inc.	6.52%	
The Toronto-Dominion Bank	5.98%	
Canadian National Railway Co.	4.91%	
The Bank of Nova Scotia	4.44%	
Fixed Income Fund 18.24TE	1,404	1,769
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Province of Quebec 5.75% 12-01-2036	2.44%	
Province of Saskatchewan 5.60% 09-05-2035	2.40%	
Province of Manitoba 5.70% 03-05-2037	2.06%	
Province of Alberta 3.90% 12-01-2033	1.91%	
Canada Housing Trust No. 1 1.10% 12-15-2026	1.90%	
Global Equity Fund 18.37TE	187	282
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.74%	
Dollar Tree Inc.	2.67%	
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	2.59%	
E.ON SE	2.54%	
The Walt Disney Co.	2.54%	
U.S. Equity Index Fund 18.28G	42	94
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	1,958	2,711

Moderate Income Fund 18.09TE

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	45,048	50,077	63,576	65,945	73,822	720	776	935	892	1,042
75/100 guarantee policy	82,819	100,881	110,293	132,281	160,872	1,318	1,558	1,617	1,785	2,266
100/100 guarantee policy	2,835	3,289	5,281	5,404	7,998	44	50	76	72	112
PS1 75/75 guarantee policy	2,553	4,649	10,969	12,318	12,838	40	69	154	158	171
PS1 75/100 guarantee policy	29,947	42,172	42,384	42,701	43,741	460	625	593	546	581
PS1 100/100 guarantee policy	5,252	5,577	5,919	5,919	5,919	79	81	82	75	78
PS2 75/75 guarantee policy	—	—	13,272	13,119	13,437	—	—	219	194	201
PS 75/75 guarantee policy	4,257	3,438	3,461	3,772	—	50	39	37	36	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	15.98	15.50	14.71	13.53	14.12	0.48	0.79
75/100 guarantee policy	15.91	15.44	14.67	13.49	14.09	0.47	0.77
100/100 guarantee policy	15.65	15.21	14.47	13.33	13.94	0.44	0.74
PS1 75/75 guarantee policy	15.44	14.89	14.05	12.84	13.32	0.55	0.84
PS1 75/100 guarantee policy	15.36	14.82	13.99	12.79	13.28	0.54	0.83
PS1 100/100 guarantee policy	15.12	14.60	13.81	12.65	13.16	0.52	0.79
PS2 75/75 guarantee policy	—	—	16.48	14.75	14.98	—	—
PS 75/75 guarantee policy	11.74	11.26	10.58	9.62	—	0.48	0.68

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund 18.09TE (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Credit Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund 18.09TE

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund 18.09TE

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.66	2.68	2.69	2.69	2.69
75/100 guarantee policy	2.72	2.73	2.74	2.75	2.75
100/100 guarantee policy	2.87	2.89	2.89	2.91	2.90
PS1 75/75 guarantee policy	2.08	2.09	2.09	2.10	2.09
PS1 75/100 guarantee policy	2.13	2.14	2.15	2.15	2.15
PS1 100/100 guarantee policy	2.29	2.30	2.31	2.32	2.32
PS 75/75 guarantee policy	1.57	1.58	1.59	1.58	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	2.14	17.84	3.92	4.79	10.14

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED FUND 18.10MF**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Fund 18.10MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Fund 18.10MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	4,459	4,010
Total investments	4,459	4,010
Total assets	\$ 4,459	\$ 4,010
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 4,459	\$ 4,010

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 558	\$ 284
Miscellaneous income (loss)	—	—
Total income	558	284
Expenses		
Management fees (note 8)	115	111
Other	13	10
Total expenses	128	121
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 430	\$ 163

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 4,010	\$ 5,238
Contractholder deposits	496	87
Contractholder withdrawals	(477)	(1,478)
Increase (decrease) in net assets from operations attributable to contractholders	430	163
Change in net assets attributable to contractholders	449	(1,228)
Net assets attributable to contractholders - end of year	\$ 4,459	\$ 4,010

Balanced Fund 18.10MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 430	\$ 163
Adjustments		
Realized (gains) losses	(282)	(549)
Unrealized (gains) losses	(276)	265
Gross proceeds of disposition of investments	624	2,125
Gross payments for the purchase of investments	(515)	(613)
	<u>(19)</u>	<u>1,391</u>
Financing Activities		
Contractholder deposits	496	87
Contractholder withdrawals	(477)	(1,478)
	<u>19</u>	<u>(1,391)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Fund 18.10MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	1,445	1,782
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 18.21MF	597	1,208
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 18.20G	208	401
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
International Stock Fund 18.26MF	247	401
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 18.27MF	136	401
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Fund 18.10MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	95	266
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	2,728	4,459

Balanced Fund 18.10MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	32,503	31,646	35,338	35,066	35,173	618	544	559	493	518
75/100 guarantee policy	135,062	140,009	153,198	157,813	203,093	2,546	2,391	2,405	2,203	2,976
100/100 guarantee policy	19,524	21,400	44,969	42,822	42,883	361	360	696	590	621
PS1 75/75 guarantee policy	2,159	2,404	2,672	2,916	3,172	40	40	41	40	45
PS1 75/100 guarantee policy	7,771	6,613	7,585	8,973	10,295	144	111	116	121	145
PS1 100/100 guarantee policy	29,934	24,750	83,079	87,197	84,344	547	408	1,253	1,165	1,178
PS2 75/75 guarantee policy	1,848	—	—	—	—	44	—	—	—	—
PS2 75/100 guarantee policy	1,089	1,397	2,510	2,775	4,832	26	29	46	44	79
PS 75/100 guarantee policy	10,040	10,750	11,277	12,092	—	133	127	122	114	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	19.00	17.20	15.81	14.05	14.74	1.80	1.39
75/100 guarantee policy	18.85	17.08	15.70	13.96	14.65	1.77	1.38
100/100 guarantee policy	18.52	16.80	15.47	13.78	14.49	1.72	1.33
PS1 75/75 guarantee policy	18.66	16.80	15.35	13.56	14.14	1.86	1.45
PS1 75/100 guarantee policy	18.56	16.72	15.28	13.51	14.09	1.84	1.44
PS1 100/100 guarantee policy	18.27	16.48	15.09	13.36	13.96	1.79	1.39
PS2 75/75 guarantee policy	23.72	—	—	—	—	2.90	—
PS2 75/100 guarantee policy	23.73	20.82	18.56	15.99	16.27	2.91	2.26
PS 75/100 guarantee policy	13.22	11.85	10.77	9.47	—	1.37	1.08

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Fund 18.10MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Fund 18.10MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Fund 18.10MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	3.11	3.08	3.07	3.10	3.11
75/100 guarantee policy	3.17	3.13	3.13	3.16	3.16
100/100 guarantee policy	3.32	3.30	3.28	3.31	3.31
PS1 75/75 guarantee policy	2.53	2.48	2.48	2.50	2.50
PS1 75/100 guarantee policy	2.59	2.53	2.53	2.55	2.56
PS1 100/100 guarantee policy	2.75	2.72	2.70	2.72	2.72
PS 75/100 guarantee policy	2.05	2.03	2.03	2.03	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.53	2.51	2.50	2.52	2.52
PS1 75/100 guarantee policy	2.59	2.56	2.55	2.57	2.58
PS1 100/100 guarantee policy	2.75	2.75	2.72	2.74	2.74

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	12.10	14.83	5.67	6.31	4.04

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND 18.11MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 18.11MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 18.11MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	3,590	3,045
Total investments	3,590	3,045
Total assets	\$ 3,590	\$ 3,045
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 3,590	\$ 3,045

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 394	\$ 319
Miscellaneous income (loss)	—	—
Total income	394	319
Expenses		
Management fees (note 8)	42	46
Other	4	4
Total expenses	46	50
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 348	\$ 269

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 3,045	\$ 3,980
Contractholder deposits	455	39
Contractholder withdrawals	(258)	(1,243)
Increase (decrease) in net assets from operations attributable to contractholders	348	269
Change in net assets attributable to contractholders	545	(935)
Net assets attributable to contractholders - end of year	\$ 3,590	\$ 3,045

Balanced Income Fund 18.11MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 348	\$ 269
Adjustments		
Realized (gains) losses	(165)	(319)
Unrealized (gains) losses	(229)	—
Gross proceeds of disposition of investments	468	1,567
Gross payments for the purchase of investments	(619)	(313)
	<u>(197)</u>	<u>1,204</u>
Financing Activities		
Contractholder deposits	455	39
Contractholder withdrawals	(258)	(1,243)
	<u>197</u>	<u>(1,204)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund 18.11MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	1,391	1,617
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 18.21MF	528	890
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 18.20G	178	292
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
International Stock Fund 18.26MF	208	297
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 18.27MF	135	297
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Income Fund 18.11MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	96	197
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	2,536	3,590

Balanced Income Fund 18.11MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	34,602	30,680	30,610	38,322	37,992	647	525	484	541	560
75/100 guarantee policy	32,400	35,483	44,743	42,745	47,067	603	605	704	601	692
100/100 guarantee policy	3,174	5,146	10,276	11,501	11,366	58	86	159	160	165
PS1 75/75 guarantee policy	24,988	6,764	6,764	6,764	—	454	112	102	91	—
PS1 75/100 guarantee policy	2,744	6,003	67,504	18,507	24,211	49	99	1,019	248	337
PS2 75/75 guarantee policy	2,157	2,206	2,256	2,614	2,675	49	44	41	41	43
PS2 75/100 guarantee policy	74,939	76,603	79,940	81,699	83,594	1,697	1,542	1,442	1,279	1,329
PS 75/100 guarantee policy	2,536	2,686	2,703	—	—	33	32	29	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.72	17.13	15.80	14.11	14.75	1.59	1.33
75/100 guarantee policy	18.62	17.05	15.73	14.06	14.70	1.57	1.32
100/100 guarantee policy	18.28	16.76	15.49	13.87	14.52	1.52	1.27
PS1 75/75 guarantee policy	18.16	16.52	15.15	13.45	—	1.64	1.37
PS1 75/100 guarantee policy	18.08	16.46	15.10	13.41	13.94	1.62	1.36
PS2 75/75 guarantee policy	22.64	20.13	18.04	15.66	15.90	2.51	2.09
PS2 75/100 guarantee policy	22.64	20.12	18.04	15.66	15.90	2.52	2.08
PS 75/100 guarantee policy	13.02	11.79	10.76	—	—	1.23	1.03

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 18.11MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund 18.11MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 18.11MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.91	2.86	2.89	2.90	2.88
75/100 guarantee policy	2.95	2.91	2.93	2.94	2.93
100/100 guarantee policy	3.12	3.07	3.09	3.10	3.09
PS1 75/75 guarantee policy	2.31	2.26	2.29	2.27	—
PS1 75/100 guarantee policy	2.41	2.34	2.33	2.35	2.34
PS 75/100 guarantee policy	1.86	1.83	1.83	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.31	2.29	2.31	2.29	—
PS1 75/100 guarantee policy	2.41	2.37	2.35	2.37	2.36

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	14.10	9.18	14.46	6.45	12.74

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND 18.12MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund 18.12MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Growth Fund 18.12MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	3,809	4,176
Total investments	3,809	4,176
Total assets	\$ 3,809	\$ 4,176
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 3,809	\$ 4,176

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 366	\$ 417
Miscellaneous income (loss)	—	—
Total income	366	417
Expenses		
Management fees (note 8)	100	94
Other	7	7
Total expenses	107	101
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 259	\$ 316

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 4,176	\$ 3,758
Contractholder deposits	27	289
Contractholder withdrawals	(653)	(187)
Increase (decrease) in net assets from operations attributable to contractholders	259	316
Change in net assets attributable to contractholders	(367)	418
Net assets attributable to contractholders - end of year	\$ 3,809	\$ 4,176

Moderate Growth Fund 18.12MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 259	\$ 316
Adjustments		
Realized (gains) losses	(386)	(228)
Unrealized (gains) losses	20	(189)
Gross proceeds of disposition of investments	1,025	784
Gross payments for the purchase of investments	(292)	(785)
	<u>626</u>	<u>(102)</u>
Financing Activities		
Contractholder deposits	27	289
Contractholder withdrawals	(653)	(187)
	<u>(626)</u>	<u>102</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Fund 18.12MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	1,680	2,093
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 18.21MF	409	773
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 18.20G	139	255
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
International Stock Fund 18.26MF	153	256
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 18.27MF	93	260
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Growth Fund 18.12MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	68	172
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	2,542	3,809

Moderate Growth Fund 18.12MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	31,840	31,989	37,246	18,048	22,735	561	527	565	247	323
75/100 guarantee policy	164,112	186,872	174,292	194,103	216,181	2,875	3,066	2,632	2,649	3,060
100/100 guarantee policy	38	38	1,431	1,430	1,410	1	—	21	19	20
PS1 75/75 guarantee policy	—	25,455	27,241	343	2,452	—	405	396	5	33
PS1 75/100 guarantee policy	20,020	9,287	9,287	9,146	8,009	340	147	135	119	107
PS1 100/100 guarantee policy	1,326	1,326	—	—	—	22	21	—	—	—
PS 75/75 guarantee policy	812	818	825	—	—	10	10	9	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.61	16.49	15.17	13.70	14.20	1.12	1.32
75/100 guarantee policy	17.52	16.41	15.10	13.65	14.16	1.11	1.31
100/100 guarantee policy	17.26	16.15	14.87	13.46	13.98	1.11	1.28
PS1 75/75 guarantee policy	—	15.90	14.54	13.06	13.45	—	1.36
PS1 75/100 guarantee policy	17.00	15.83	14.48	13.01	13.41	1.17	1.35
PS1 100/100 guarantee policy	16.73	15.61	—	—	—	1.12	1.31
PS 75/75 guarantee policy	12.74	11.81	10.74	—	—	0.93	1.07

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund 18.12MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund 18.12MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund 18.12MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.75	2.77	2.73	2.75	2.74
75/100 guarantee policy	2.81	2.82	2.78	2.80	2.80
100/100 guarantee policy	2.96	2.99	2.94	2.95	2.95
PS1 75/75 guarantee policy	—	2.16	2.13	2.16	2.13
PS1 75/100 guarantee policy	2.22	2.21	2.18	2.20	2.19
PS1 100/100 guarantee policy	2.40	2.35	—	—	—
PS 75/75 guarantee policy	1.68	1.68	1.66	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	—	2.19	2.15	2.18	2.15
PS1 75/100 guarantee policy	2.22	2.24	2.20	2.22	2.21
PS1 100/100 guarantee policy	2.40	2.38	—	—	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	7.33	20.78	13.56	1.40	3.47

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND 18.13MF

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Fund 18.13MF (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Fund 18.13MF

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	9,655	7,199
Total investments	9,655	7,199
Total assets	\$ 9,655	\$ 7,199
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 9,655	\$ 7,199

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 643	\$ 667
Miscellaneous income (loss)	—	—
Total income	643	667
Expenses		
Management fees (note 8)	149	95
Other	19	12
Total expenses	168	107
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 475	\$ 560
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 7,199	\$ 6,071
Contractholder deposits	2,665	790
Contractholder withdrawals	(684)	(222)
Increase (decrease) in net assets from operations attributable to contractholders	475	560
Change in net assets attributable to contractholders	2,456	1,128
Net assets attributable to contractholders - end of year	\$ 9,655	\$ 7,199

Moderate Income Fund 18.13MF

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 475	\$ 560
Adjustments		
Realized (gains) losses	(305)	(186)
Unrealized (gains) losses	(338)	(481)
Gross proceeds of disposition of investments	953	687
Gross payments for the purchase of investments	(2,766)	(1,148)
	<u>(1,981)</u>	<u>(568)</u>
Financing Activities		
Contractholder deposits	2,665	790
Contractholder withdrawals	(684)	(222)
	<u>1,981</u>	<u>568</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund 18.13MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	5,365	6,283
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Canadian Growth Fund 18.21MF	919	1,521
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.02%	
The Toronto-Dominion Bank	6.85%	
Mackenzie US Large Cap Index ETF *	4.75%	
The Bank of Nova Scotia	3.97%	
Canadian National Railway Co.	3.90%	
Canadian Large Cap Equity Index Fund 18.20G	313	506
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc.	7.73%	
Royal Bank of Canada	7.28%	
The Toronto-Dominion Bank	6.38%	
Horizons S&P/TSX 60 Index ETF	5.11%	
Canadian National Railway Co.	4.87%	
International Stock Fund 18.26MF	358	505
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	10.27%	
Seven & I Holdings Co. Ltd.	4.13%	
Compass Group PLC	4.02%	
Admiral Group PLC	4.00%	
Reckitt Benckiser Group PLC	3.99%	
U.S. Blue Chip Fund 18.27MF	238	505
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.84%	
Accenture PLC Class A	5.37%	
Keysight Technologies Inc.	4.65%	
Aon Corp.	4.37%	
Danaher Corp.	4.37%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Income Fund 18.13MF

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	168	335
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	7,361	9,655

Moderate Income Fund 18.13MF

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	259,340	203,858	167,432	192,523	198,549	4,317	3,258	2,477	2,603	2,764
75/100 guarantee policy	50,027	58,978	61,287	69,223	81,879	827	936	901	931	1,134
100/100 guarantee policy	404	435	465	495	531	6	7	7	7	7
PS1 75/75 guarantee policy	116,931	37,603	29,144	980	1,074	1,847	567	404	12	14
PS1 75/100 guarantee policy	13,550	6,881	7,178	7,851	7,683	213	103	99	98	99
PS2 75/75 guarantee policy	9,621	10,417	10,583	—	—	186	189	172	—	—
PS2 75/100 guarantee policy	117,094	118,661	120,984	123,319	126,589	2,259	2,139	1,965	1,781	1,832
PS 75/100 guarantee policy	—	—	4,317	—	—	—	—	46	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.65	15.98	14.79	13.52	13.92	0.67	1.19
75/100 guarantee policy	16.53	15.88	14.71	13.45	13.85	0.65	1.17
100/100 guarantee policy	16.22	15.61	14.48	13.25	13.67	0.61	1.13
PS1 75/75 guarantee policy	15.79	15.07	13.86	12.59	12.88	0.72	1.21
PS1 75/100 guarantee policy	15.71	15.00	13.81	12.54	12.84	0.71	1.19
PS2 75/75 guarantee policy	19.30	18.03	16.24	—	—	1.27	1.79
PS2 75/100 guarantee policy	19.30	18.03	16.24	14.44	14.47	1.27	1.79
PS 75/100 guarantee policy	—	—	10.72	—	—	—	—

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund 18.13MF (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund 18.13MF

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund 18.13MF

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.72	2.72	2.72	2.73	2.72
75/100 guarantee policy	2.79	2.78	2.78	2.79	2.78
100/100 guarantee policy	2.93	2.92	2.92	2.93	2.95
PS1 75/75 guarantee policy	2.11	2.09	2.08	2.10	2.09
PS1 75/100 guarantee policy	2.17	2.15	2.14	2.15	2.14
PS 75/100 guarantee policy	—	—	1.64	—	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.11	2.12	2.10	2.12	2.11
PS1 75/100 guarantee policy	2.17	2.18	2.16	2.17	2.16

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	10.68	10.83	10.74	0.86	12.04

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME FUND 18.14F

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Fund 18.14F (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Fund 18.14F

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	12,079	10,470
Total investments	12,079	10,470
Total assets	\$ 12,079	\$ 10,470
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 12,079	\$ 10,470

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,257	\$ 930
Miscellaneous income (loss)	—	—
Total income	1,257	930
Expenses		
Management fees (note 8)	265	249
Other	28	25
Total expenses	293	274
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 964	\$ 656

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 10,470	\$ 11,321
Contractholder deposits	1,473	135
Contractholder withdrawals	(828)	(1,642)
Increase (decrease) in net assets from operations attributable to contractholders	964	656
Change in net assets attributable to contractholders	1,609	(851)
Net assets attributable to contractholders - end of year	\$ 12,079	\$ 10,470

Balanced Income Fund 18.14F

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 964	\$ 656
Adjustments		
Realized (gains) losses	(745)	(1,007)
Unrealized (gains) losses	(512)	77
Gross proceeds of disposition of investments	1,754	3,208
Gross payments for the purchase of investments	(2,106)	(1,427)
	<u>(645)</u>	<u>1,507</u>
Financing Activities		
Contractholder deposits	1,473	135
Contractholder withdrawals	(828)	(1,642)
	<u>645</u>	<u>(1,507)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Fund 18.14F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Fund 18.33F	4,418	5,443
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 2.15% 12-15-2031 144A	2.20%	
Government of Canada 0.50% 12-01-2030	1.44%	
Province of Ontario 2.70% 06-02-2029	1.32%	
Province of Quebec 5.00% 12-01-2041	1.31%	
Province of Ontario 5.85% 03-08-2033	1.24%	
Canadian Equity Fund 18.34F	1,558	2,994
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	9.62%	
The Toronto-Dominion Bank	6.35%	
Brookfield Asset Management Inc.	6.34%	
Canadian Pacific Railway Ltd.	4.96%	
Constellation Software Inc.	4.35%	
Canadian Large Cap Equity Index Fund 18.20G	548	995
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
International Equity Fund 18.36F	602	994
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Fidelity US Money Market Investment Trust	4.13%	
Nestle SA	3.06%	
Roche Holding AG Genusscheine	3.00%	
MSCI EAFE Index Future 03-18-2022	2.43%	
AstraZeneca PLC	2.01%	
U.S. Equity Fund 18.35F	379	991
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	8.04%	
Microsoft Corp.	7.56%	
Alphabet Inc. Class C	4.67%	
Amazon.com Inc.	4.21%	
Tesla Inc.	2.50%	

Balanced Income Fund 18.14F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	251	662
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	7,756	12,079

Balanced Income Fund 18.14F

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	172,895	123,258	131,797	119,535	120,459	3,243	2,134	2,126	1,706	1,800
75/100 guarantee policy	280,780	339,657	383,949	449,929	574,797	5,242	5,854	6,171	6,400	8,567
100/100 guarantee policy	11,804	11,126	27,163	24,884	22,889	216	188	429	348	336
PS1 75/75 guarantee policy	65,592	23,585	10,815	8,784	7,020	1,217	401	171	122	101
PS1 75/100 guarantee policy	28,844	20,199	24,015	21,230	21,479	533	342	377	293	309
PS1 100/100 guarantee policy	20,726	20,626	59,355	60,990	61,404	376	344	920	834	876
PS2 75/75 guarantee policy	13,041	13,364	14,148	14,493	13,989	304	279	267	235	231
PS2 75/100 guarantee policy	34,874	40,273	41,707	42,784	44,501	813	840	788	694	733
PS 75/75 guarantee policy	1,654	—	—	—	—	21	—	—	—	—
PS 75/100 guarantee policy	8,875	7,502	6,677	2,358	—	114	88	72	22	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	18.76	17.31	16.13	14.27	14.94	1.45	1.18
75/100 guarantee policy	18.67	17.23	16.07	14.23	14.90	1.44	1.16
100/100 guarantee policy	18.29	16.91	15.80	14.00	14.69	1.38	1.11
PS1 75/75 guarantee policy	18.56	17.02	15.77	13.87	14.44	1.54	1.25
PS1 75/100 guarantee policy	18.46	16.94	15.71	13.82	14.40	1.52	1.23
PS1 100/100 guarantee policy	18.16	16.70	15.51	13.67	14.26	1.46	1.19
PS2 75/75 guarantee policy	23.30	20.86	18.88	16.21	16.48	2.44	1.98
PS2 75/100 guarantee policy	23.31	20.86	18.88	16.22	16.48	2.45	1.98
PS 75/75 guarantee policy	12.83	—	—	—	—	1.12	—
PS 75/100 guarantee policy	12.81	11.69	10.78	9.44	—	1.12	0.91

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Fund 18.14F (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Fund 18.14F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Balanced Income Fund 18.14F

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.99	3.00	2.96	2.97	2.94
75/100 guarantee policy	3.06	3.06	3.02	3.03	3.01
100/100 guarantee policy	3.21	3.23	3.17	3.18	3.15
PS1 75/75 guarantee policy	2.40	2.41	2.38	2.38	2.37
PS1 75/100 guarantee policy	2.46	2.47	2.43	2.44	2.42
PS1 100/100 guarantee policy	2.63	2.65	2.60	2.60	2.58
PS 75/75 guarantee policy	1.88	—	—	—	—
PS 75/100 guarantee policy	1.95	1.95	1.91	1.90	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	15.62	13.69	4.84	3.55	9.92

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE GROWTH FUND 18.15F

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Growth Fund 18.15F (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Growth Fund 18.15F

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	7,236	6,345
Total investments	7,236	6,345
Total assets	\$ 7,236	\$ 6,345
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 7,236	\$ 6,345

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 588	\$ 550
Miscellaneous income (loss)	—	—
Total income	588	550
Expenses		
Management fees (note 8)	165	156
Other	20	18
Total expenses	185	174
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 403	\$ 376
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 6,345	\$ 6,616
Contractholder deposits	850	103
Contractholder withdrawals	(362)	(750)
Increase (decrease) in net assets from operations attributable to contractholders	403	376
Change in net assets attributable to contractholders	891	(271)
Net assets attributable to contractholders - end of year	\$ 7,236	\$ 6,345

Moderate Growth Fund 18.15F

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 403	\$ 376
Adjustments		
Realized (gains) losses	(229)	(754)
Unrealized (gains) losses	(359)	204
Gross proceeds of disposition of investments	568	2,791
Gross payments for the purchase of investments	(871)	(1,970)
	<u>(488)</u>	<u>647</u>
Financing Activities		
Contractholder deposits	850	103
Contractholder withdrawals	(362)	(750)
	<u>488</u>	<u>(647)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Growth Fund 18.15F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Fund 18.33F	3,282	3,989
<i>Top 5 Holdings:</i>		
	<i>% of Total</i>	
Canada Housing Trust No. 1 2.15% 12-15-2031 144A	2.20%	
Government of Canada 0.50% 12-01-2030	1.44%	
Province of Ontario 2.70% 06-02-2029	1.32%	
Province of Quebec 5.00% 12-01-2041	1.31%	
Province of Ontario 5.85% 03-08-2033	1.24%	
Canadian Equity Fund 18.34F	769	1,463
<i>Top 5 Holdings:</i>		
	<i>% of Total</i>	
Royal Bank of Canada	9.62%	
The Toronto-Dominion Bank	6.35%	
Brookfield Asset Management Inc.	6.34%	
Canadian Pacific Railway Ltd.	4.96%	
Constellation Software Inc.	4.35%	
Canadian Large Cap Equity Index Fund 18.20G	265	485
<i>Top 5 Holdings:</i>		
	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
International Equity Fund 18.36F	300	486
<i>Top 5 Holdings:</i>		
	<i>% of Total</i>	
Fidelity US Money Market Investment Trust	4.13%	
Nestle SA	3.06%	
Roche Holding AG Genusscheine	3.00%	
MSCI EAFE Index Future 03-18-2022	2.43%	
AstraZeneca PLC	2.01%	
U.S. Equity Fund 18.35F	211	487
<i>Top 5 Holdings:</i>		
	<i>% of Total</i>	
Apple Inc.	8.04%	
Microsoft Corp.	7.56%	
Alphabet Inc. Class C	4.67%	
Amazon.com Inc.	4.21%	
Tesla Inc.	2.50%	

Moderate Growth Fund 18.15F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	141	326
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	4,968	7,236

Moderate Growth Fund 18.15F

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	143,003	141,729	139,757	147,953	199,907	2,491	2,331	2,141	2,033	2,859
75/100 guarantee policy	130,141	138,132	171,648	186,846	226,859	2,258	2,264	2,621	2,560	3,238
100/100 guarantee policy	14,563	12,141	32,039	29,042	30,666	248	196	482	393	433
PS1 75/75 guarantee policy	16,242	18,415	18,346	12,982	8,818	278	296	273	172	121
PS1 75/100 guarantee policy	35,453	4,207	606	1,039	433	602	67	9	14	6
PS1 100/100 guarantee policy	67,406	67,838	66,302	67,910	68,369	1,126	1,066	967	885	924
PS2 75/75 guarantee policy	5,959	2,859	3,039	2,293	316	128	56	54	35	5
PS2 75/100 guarantee policy	3,181	3,517	3,888	4,220	2,335	68	69	69	65	36
PPS 75/75 guarantee policy	2,917	—	—	—	—	37	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	17.42	16.45	15.32	13.74	14.30	0.97	1.13
75/100 guarantee policy	17.35	16.39	15.27	13.70	14.27	0.96	1.12
100/100 guarantee policy	17.03	16.12	15.04	13.52	14.11	0.91	1.08
PS1 75/75 guarantee policy	17.13	16.08	14.89	13.27	13.73	1.05	1.19
PS1 75/100 guarantee policy	16.99	15.95	14.78	13.18	13.65	1.04	1.17
PS1 100/100 guarantee policy	16.71	15.72	14.58	13.03	13.51	0.99	1.14
PS2 75/75 guarantee policy	21.40	19.61	17.74	15.45	15.61	1.79	1.87
PS2 75/100 guarantee policy	21.40	19.61	17.74	15.45	15.61	1.79	1.87
PPS 75/75 guarantee policy	12.76	—	—	—	—	0.92	—

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Growth Fund 18.15F (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist..

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Growth Fund 18.15F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Growth Fund 18.15F

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.99	2.98	2.95	2.97	2.96
75/100 guarantee policy	3.04	3.03	2.99	3.01	3.01
100/100 guarantee policy	3.20	3.21	3.16	3.18	3.17
PS1 75/75 guarantee policy	2.39	2.38	2.35	2.35	2.36
PS1 75/100 guarantee policy	2.44	2.42	2.41	2.39	2.39
PS1 100/100 guarantee policy	2.61	2.60	2.57	2.58	2.58
PPS 75/75 guarantee policy	1.25	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	8.60	31.93	6.22	6.94	7.06

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME FUND 18.16F

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Fund 18.16F (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Fund 18.16F

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	6,397	4,181
Total investments	6,397	4,181
Total assets	\$ 6,397	\$ 4,181
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 6,397	\$ 4,181

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 414	\$ 353
Miscellaneous income (loss)	—	—
Total income	414	353
Expenses		
Management fees (note 8)	106	53
Other	13	6
Total expenses	119	59
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 295	\$ 294

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 4,181	\$ 3,152
Contractholder deposits	2,290	1,077
Contractholder withdrawals	(369)	(342)
Increase (decrease) in net assets from operations attributable to contractholders	295	294
Change in net assets attributable to contractholders	2,216	1,029
Net assets attributable to contractholders - end of year	\$ 6,397	\$ 4,181

Moderate Income Fund 18.16F

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 295	\$ 294
Adjustments		
Realized (gains) losses	(168)	(152)
Unrealized (gains) losses	(246)	(201)
Gross proceeds of disposition of investments	811	781
Gross payments for the purchase of investments	(2,613)	(1,457)
	<u>(1,921)</u>	<u>(735)</u>
Financing Activities		
Contractholder deposits	2,290	1,077
Contractholder withdrawals	(369)	(342)
	<u>1,921</u>	<u>735</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Fund 18.16F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Fund 18.33F	3,800	4,161
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Canada Housing Trust No. 1 2.15% 12-15-2031 144A	2.20%	
Government of Canada 0.50% 12-01-2030	1.44%	
Province of Ontario 2.70% 06-02-2029	1.32%	
Province of Quebec 5.00% 12-01-2041	1.31%	
Province of Ontario 5.85% 03-08-2033	1.24%	
Canadian Equity Fund 18.34F	708	1,010
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	9.62%	
The Toronto-Dominion Bank	6.35%	
Brookfield Asset Management Inc.	6.34%	
Canadian Pacific Railway Ltd.	4.96%	
Constellation Software Inc.	4.35%	
Canadian Large Cap Equity Index Fund 18.20G	233	336
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	7.96%	
Royal Bank of Canada	7.68%	
The Toronto-Dominion Bank	7.03%	
Brookfield Asset Management Inc.	4.48%	
The Bank of Nova Scotia	4.36%	
International Equity Fund 18.36F	256	334
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Fidelity US Money Market Investment Trust	4.13%	
Nestle SA	3.06%	
Roche Holding AG Genusscheine	3.00%	
MSCI EAFE Index Future 03-18-2022	2.43%	
AstraZeneca PLC	2.01%	
U.S. Equity Fund 18.35F	207	333
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Apple Inc.	8.04%	
Microsoft Corp.	7.56%	
Alphabet Inc. Class C	4.67%	
Amazon.com Inc.	4.21%	
Tesla Inc.	2.50%	

Moderate Income Fund 18.16F

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Index Fund 18.28G	138	223
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Apple Inc.	6.76%	
Microsoft Corp.	6.21%	
Amazon.com Inc.	3.54%	
Alphabet Inc. Class A	2.11%	
Tesla Inc.	2.06%	
Total Investments	5,342	6,397

Moderate Income Fund 18.16F

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	139,991	62,579	32,903	32,313	40,857	2,311	996	489	436	569
75/100 guarantee policy	24,015	21,402	27,389	43,101	54,117	394	339	405	579	751
100/100 guarantee policy	866	919	3,090	3,228	7,746	14	14	45	42	106
PS1 75/75 guarantee policy	116,487	64,128	65,737	63,746	65,082	1,853	978	929	814	854
PS1 75/100 guarantee policy	50,710	52,954	18,490	7,053	7,280	802	804	261	90	95
PS2 75/100 guarantee policy	48,437	53,241	57,164	77,187	72,540	948	977	953	1,136	1,073
PS 75/100 guarantee policy	6,132	6,304	6,513	525	—	75	73	70	5	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	16.51	15.92	14.86	13.49	13.93	0.59	1.06
75/100 guarantee policy	16.41	15.83	14.79	13.43	13.88	0.58	1.04
100/100 guarantee policy	16.11	15.57	14.56	13.24	13.71	0.54	1.01
PS1 75/75 guarantee policy	15.91	15.25	14.15	12.77	13.11	0.66	1.10
PS1 75/100 guarantee policy	15.83	15.18	14.10	12.73	13.08	0.65	1.08
PS2 75/100 guarantee policy	19.57	18.35	16.67	14.72	14.79	1.22	1.68
PS 75/100 guarantee policy	12.18	11.62	10.73	9.64	—	0.56	0.89

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Fund 18.16F (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Fund 18.16F

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Moderate Income Fund 18.16F

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.79	2.78	2.75	2.75	2.74
75/100 guarantee policy	2.86	2.85	2.80	2.81	2.79
100/100 guarantee policy	3.03	3.02	2.96	2.98	2.92
PS1 75/75 guarantee policy	2.20	2.20	2.16	2.16	2.15
PS1 75/100 guarantee policy	2.27	2.25	2.21	2.22	2.21
PS 75/100 guarantee policy	1.74	1.74	1.69	1.69	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	14.18	22.75	13.27	16.16	14.71

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MONTHLY INCOME FUND 18.57L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Monthly Income Fund 18.57L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Monthly Income Fund 18.57L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	8,763	9,116
Total investments	8,763	9,116
Total assets	\$ 8,763	\$ 9,116
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 8,763	\$ 9,116

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 833	\$ 331
Miscellaneous income (loss)	—	—
Total income	833	331
Expenses		
Management fees (note 8)	181	194
Other	20	21
Total expenses	201	215
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 632	\$ 116

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 9,116	\$ 10,693
Contractholder deposits	157	413
Contractholder withdrawals	(1,142)	(2,106)
Increase (decrease) in net assets from operations attributable to contractholders	632	116
Change in net assets attributable to contractholders	(353)	(1,577)
Net assets attributable to contractholders - end of year	\$ 8,763	\$ 9,116

Monthly Income Fund 18.57L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 632	\$ 116
Adjustments		
Realized (gains) losses	(828)	(282)
Unrealized (gains) losses	(5)	(49)
Gross proceeds of disposition of investments	6,999	3,030
Gross payments for the purchase of investments	(5,813)	(1,122)
	<u>985</u>	<u>1,693</u>
Financing Activities		
Contractholder deposits	157	413
Contractholder withdrawals	(1,142)	(2,106)
	<u>(985)</u>	<u>(1,693)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Monthly Income Fund 18.57L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.16L	3,962	4,156
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Equity Investment Fund No. 3	644	765
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Dividend Fund 18.23L	1,117	1,545
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Global Dividend Fund 18.59SAM	1,314	1,535
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
International Equity Fund 13.01JPMF	276	306
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	3.46%	
Novo Nordisk AS	3.13%	
ASML Holding NV	2.96%	
LVMH Moet Hennessy Louis Vuitton SE	2.62%	
TotalEnergies SE	2.57%	

Monthly Income Fund 18.57L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Dividend Fund 18.55L	288	456
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
Total Investments	7,601	8,763

Monthly Income Fund 18.57L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	922	939	937	953	960	138	128	123	112	114
75/75 guarantee policy	127,882	154,130	183,834	177,898	176,779	1,678	1,889	2,227	1,973	2,042
75/100 guarantee policy	257,332	277,001	292,380	259,591	190,197	3,351	3,373	3,523	2,866	2,190
100/100 guarantee policy	—	250	138	246	282	—	3	2	3	3
PS1 75/75 guarantee policy	117,631	119,904	133,704	123,995	94,733	1,594	1,511	1,657	1,400	1,110
PS1 75/100 guarantee policy	36,242	60,132	70,689	50,044	41,151	485	750	869	562	480
PS1 100/100 guarantee policy	—	—	4,566	6,503	11,697	—	—	55	72	135
PS2 75/75 guarantee policy	8,292	357	364	29	12,894	130	5	5	—	161
PS2 75/100 guarantee policy	10,789	14,779	69,745	27,005	17,017	169	211	959	331	212
PS 75/75 guarantee policy	29,965	39,803	40,369	20,048	—	352	431	428	192	—
PS 75/100 guarantee policy	66,027	72,852	74,111	13,216	—	772	788	784	127	—
PPS 75/75 guarantee policy	7,896	2,418	5,715	3,941	—	94	27	61	38	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	149.48	136.13	131.17	117.07	118.89	13.35	4.96
75/75 guarantee policy	13.12	12.26	12.11	11.09	11.55	0.86	0.15
75/100 guarantee policy	13.02	12.18	12.05	11.04	11.52	0.84	0.13
100/100 guarantee policy	—	12.07	11.96	10.98	11.46	—	0.11
PS1 75/75 guarantee policy	13.55	12.60	12.39	11.29	11.71	0.95	0.21
PS1 75/100 guarantee policy	13.40	12.48	12.29	11.22	11.65	0.92	0.19
PS1 100/100 guarantee policy	—	—	12.16	11.12	11.57	—	—
PS2 75/75 guarantee policy	15.68	14.27	13.75	12.27	12.46	1.41	0.52
PS2 75/100 guarantee policy	15.68	14.28	13.75	12.27	12.46	1.40	0.53
PS 75/75 guarantee policy	11.74	10.84	10.60	9.59	—	0.90	0.24
PS 75/100 guarantee policy	11.69	10.81	10.58	9.59	—	0.88	0.23
PPS 75/75 guarantee policy	11.93	10.97	10.67	9.62	—	0.96	0.30

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Monthly Income Fund 18.57L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Monthly Income Fund 18.57L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Monthly Income Fund 18.57L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.57	2.57	2.58	2.58	2.55
75/100 guarantee policy	2.68	2.68	2.69	2.69	2.64
100/100 guarantee policy	—	2.83	2.85	2.83	2.83
PS1 75/75 guarantee policy	2.10	2.11	2.11	2.11	2.07
PS1 75/100 guarantee policy	2.28	2.27	2.28	2.28	2.25
PS1 100/100 guarantee policy	—	—	2.50	2.51	2.46
PS 75/75 guarantee policy	1.46	1.46	1.46	1.46	—
PS 75/100 guarantee policy	1.57	1.57	1.57	1.57	—
PPS 75/75 guarantee policy	0.99	1.00	1.00	1.00	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	65.53	11.32	15.08	19.61	23.05

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL MONTHLY INCOME FUND 18.69L

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Monthly Income Fund 18.69L (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Monthly Income Fund 18.69L

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	3,859	4,195
Total investments	3,859	4,195
Total assets	\$ 3,859	\$ 4,195
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 3,859	\$ 4,195

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 353	\$ 146
Miscellaneous income (loss)	—	—
Total income	353	146
Expenses		
Management fees (note 8)	78	84
Other	9	9
Total expenses	87	93
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 266	\$ 53

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 4,195	\$ 4,438
Contractholder deposits	58	237
Contractholder withdrawals	(660)	(533)
Increase (decrease) in net assets from operations attributable to contractholders	266	53
Change in net assets attributable to contractholders	(336)	(243)
Net assets attributable to contractholders - end of year	\$ 3,859	\$ 4,195

Global Monthly Income Fund 18.69L

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 266	\$ 53
Adjustments		
Realized (gains) losses	(226)	(72)
Unrealized (gains) losses	(127)	(74)
Gross proceeds of disposition of investments	2,333	981
Gross payments for the purchase of investments	(1,644)	(592)
	<u>602</u>	<u>296</u>
Financing Activities		
Contractholder deposits	58	237
Contractholder withdrawals	(660)	(533)
	<u>(602)</u>	<u>(296)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Global Monthly Income Fund 18.69L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.16L	439	468
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Equity Investment Fund No. 3	182	217
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Dividend Fund 18.23L	322	437
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	8.51%	
Royal Bank of Canada	8.43%	
The Bank of Nova Scotia	8.27%	
Bank of Montreal	8.11%	
Canadian Imperial Bank of Commerce	6.68%	
Global Dividend Fund 18.59SAM	1,091	1,311
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
International Bond Investment Fund No. 1	731	775
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	

Global Monthly Income Fund 18.69L

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 13.01JPMF	233	259
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Nestle SA	3.46%	
Novo Nordisk AS	3.13%	
ASML Holding NV	2.96%	
LVMH Moet Hennessy Louis Vuitton SE	2.62%	
TotalEnergies SE	2.57%	
U.S. Dividend Fund 18.55L	260	392
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	6.52%	
Broadcom Inc.	3.24%	
JPMorgan Chase & Co.	3.14%	
Eaton Corp. PLC	2.51%	
Apple Inc.	2.48%	
Total Investments	3,258	3,859

Global Monthly Income Fund 18.69L

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
75/75 guarantee policy	109,381	120,022	127,672	92,340	56,520	1,371	1,410	1,484	983	613
75/100 guarantee policy	47,356	62,389	64,384	56,968	10,485	588	728	745	605	114
PS1 75/75 guarantee policy	95,127	90,589	83,426	51,866	16,683	1,211	1,078	980	557	182
PS1 75/100 guarantee policy	7,448	23,856	40,656	26,015	1,048	94	283	475	278	11
PS2 75/75 guarantee policy	25,124	26,031	26,989	17,536	17,967	360	341	341	198	201
PS2 75/100 guarantee policy	1,494	8,513	10,252	—	—	22	112	130	—	—
PS 75/75 guarantee policy	8,243	10,776	11,539	—	—	98	118	124	—	—
PS 75/100 guarantee policy	—	862	863	—	—	—	9	9	—	—
PPS 75/75 guarantee policy	9,672	10,545	13,919	3,953	—	115	116	150	38	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
75/75 guarantee policy	12.53	11.75	11.63	10.65	10.84	0.78	0.12
75/100 guarantee policy	12.42	11.67	11.57	10.62	10.84	0.75	0.10
PS1 75/75 guarantee policy	12.73	11.91	11.75	10.73	10.90	0.82	0.16
PS1 75/100 guarantee policy	12.62	11.82	11.68	10.69	10.87	0.80	0.14
PS2 75/75 guarantee policy	14.34	13.10	12.63	11.27	11.18	1.24	0.47
PS2 75/100 guarantee policy	14.34	13.10	12.63	—	—	1.24	0.47
PS 75/75 guarantee policy	11.81	10.95	10.72	—	—	0.86	0.23
PS 75/100 guarantee policy	—	10.90	10.68	—	—	—	0.22
PPS 75/75 guarantee policy	11.92	11.02	10.76	9.72	—	0.90	0.26

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Monthly Income Fund 18.69L (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Global Monthly Income Fund 18.69L

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Global Monthly Income Fund 18.69L

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
75/75 guarantee policy	2.59	2.60	2.59	2.66	2.69
75/100 guarantee policy	2.82	2.82	2.81	2.81	2.76
PS1 75/75 guarantee policy	2.34	2.34	2.35	2.35	2.29
PS1 75/100 guarantee policy	2.54	2.51	2.51	2.51	2.47
PS 75/75 guarantee policy	1.48	1.50	1.48	—	—
PS 75/100 guarantee policy	—	1.71	1.69	—	—
PPS 75/75 guarantee policy	1.24	1.24	1.24	1.23	—

Unsubsidized Management Expense Ratio (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
PS1 75/75 guarantee policy	2.34	2.36	2.35	2.35	2.29
PS1 75/100 guarantee policy	2.54	2.53	2.51	2.51	2.47
PPS 75/75 guarantee policy	1.24	1.26	1.24	1.23	—

Portfolio Turnover Rate (%) ⁽³⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	41.79	13.93	16.28	11.91	7.52

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The Company has waived a portion of the fees for the Preferred Series 1 and Preferred Partner Series guarantee policies. There is no obligation for the Company to continue waiving these fees and it may cease to do so at any time without notice.

(3) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN DIVERSIFIED INVESTMENT FUND NO. 1

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Diversified Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Diversified Investment Fund No. 1

(in Canadian \$ thousands)

Fund Manager: Mackenzie Investments

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	380,405	359,300
Total investments	380,405	359,300
Total assets	\$ 380,405	\$ 359,300
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 380,405	\$ 359,300

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 40,077	\$ 31,300
Miscellaneous income (loss)	—	—
Total income	40,077	31,300
Expenses		
Management fees (note 8)	3,868	3,835
Other	355	347
Total expenses	4,223	4,182
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 35,854	\$ 27,118

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 359,300	\$ 373,865
Contractholder deposits	21,732	11,853
Contractholder withdrawals	(36,481)	(53,536)
Increase (decrease) in net assets from operations attributable to contractholders	35,854	27,118
Change in net assets attributable to contractholders	21,105	(14,565)
Net assets attributable to contractholders - end of year	\$ 380,405	\$ 359,300

Canadian Diversified Investment Fund No. 1

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 35,854	\$ 27,118
Adjustments		
Realized (gains) losses	(56,502)	(28,410)
Unrealized (gains) losses	16,425	(2,890)
Gross proceeds of disposition of investments	149,405	80,611
Gross payments for the purchase of investments	(130,433)	(34,746)
	<u>14,749</u>	<u>41,683</u>
Financing Activities		
Contractholder deposits	21,732	11,853
Contractholder withdrawals	(36,481)	(53,536)
	<u>(14,749)</u>	<u>(41,683)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Canadian Diversified Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Bond Investment Fund No. 1	119,678	140,235
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Index Fund	47,265	60,726
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Shopify Inc. [CAD]	6.34%	
Royal Bank of Canada	6.08%	
The Toronto-Dominion Bank	5.64%	
Brookfield Asset Management Inc.	3.54%	
The Bank of Nova Scotia	3.48%	
Canadian Equity Investment Fund No. 3	39,054	81,178
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
International Equity Fund 13.01JPMF	21,367	30,155
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Nestle SA	3.46%	
Novo Nordisk AS	3.13%	
ASML Holding NV	2.96%	
LVMH Moet Hennessy Louis Vuitton SE	2.62%	
TotalEnergies SE	2.57%	
Mortgage Investment Fund No. 1	27,992	37,801
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	

Canadian Diversified Investment Fund No. 1

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Investment Fund No. 3	13,472	30,310
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
Total Investments	268,828	380,405

Canadian Diversified Investment Fund No. 1

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	96,559	98,021	109,402	109,968	132,641	209,607	191,162	195,654	172,517	211,241
Individual No-Load (IA)	67,788	73,042	82,248	98,165	116,699	42,785	42,464	44,957	48,257	59,701
Individual Back-End Load (IB)	56,705	63,469	75,159	89,771	107,203	37,664	38,831	43,233	46,441	57,755
Managed Money (IC)	3,181	3,598	4,136	6,066	8,324	1,872	1,924	2,051	2,669	3,759
75/75 guarantee policy	1,123,544	1,182,964	1,332,480	1,432,344	1,395,886	23,798	23,080	24,443	23,630	23,982
75/100 guarantee policy	1,745,942	1,897,044	2,113,612	2,246,273	2,215,344	36,564	36,654	38,459	36,820	37,863
100/100 guarantee policy	43,137	43,705	39,976	47,596	45,220	884	828	714	767	761
PS1 75/75 guarantee policy	565,318	546,424	598,083	682,717	696,564	10,527	9,335	9,568	9,783	10,349
PS1 75/100 guarantee policy	423,757	441,531	536,008	512,142	385,136	7,768	7,438	8,469	7,260	5,670
PS1 100/100 guarantee policy	15,040	13,972	14,296	15,459	16,094	271	232	223	217	235
PS2 75/75 guarantee policy	122,434	107,333	118,336	107,812	158,914	2,798	2,203	2,227	1,779	2,661
PS2 75/100 guarantee policy	84,625	89,187	99,961	126,754	122,372	1,934	1,831	1,881	2,092	2,049
PS2 100/100 guarantee policy	—	—	—	2,496	3,166	—	—	—	41	53
PS 75/75 guarantee policy	25,816	20,567	9,834	41	—	325	236	105	—	—
PS 75/100 guarantee policy	186,266	187,500	176,270	69,522	—	2,328	2,139	1,873	658	—
PPS 75/75 guarantee policy	99,524	81,510	708	—	—	1,269	943	7	—	—
PPS 75/100 guarantee policy	849	—	105	—	—	11	—	1	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	2,170.78	1,950.21	1,788.40	1,568.80	1,592.58	220.57	161.81
Individual No-Load (IA)	631.16	581.37	546.60	491.59	511.58	49.79	34.77
Individual Back-End Load (IB)	664.21	611.81	575.22	517.33	538.75	52.40	36.59
Managed Money (IC)	588.40	534.64	495.87	439.93	451.56	53.76	38.77
75/75 guarantee policy	21.18	19.51	18.34	16.50	17.18	1.67	1.17
75/100 guarantee policy	20.94	19.32	18.20	16.39	17.09	1.62	1.12
100/100 guarantee policy	20.50	18.95	17.87	16.12	16.84	1.55	1.08
PS1 75/75 guarantee policy	18.62	17.08	16.00	14.33	14.86	1.54	1.08
PS1 75/100 guarantee policy	18.33	16.85	15.80	14.18	14.72	1.48	1.05
PS1 100/100 guarantee policy	18.04	16.62	15.62	14.04	14.62	1.42	1.00
PS2 75/75 guarantee policy	22.85	20.53	18.82	16.50	16.75	2.32	1.71
PS2 75/100 guarantee policy	22.85	20.53	18.82	16.50	16.75	2.32	1.71
PS2 100/100 guarantee policy	—	—	—	16.50	16.75	—	—
PS 75/75 guarantee policy	12.58	11.46	10.66	9.48	—	1.12	0.80
PS 75/100 guarantee policy	12.50	11.41	10.63	9.47	—	1.09	0.78
PPS 75/75 guarantee policy	12.75	11.57	10.72	—	—	1.18	0.85
PPS 75/100 guarantee policy	12.69	—	10.69	—	—	1.16	—

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Diversified Investment Fund No. 1 (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Mackenzie Financial Corporation, which operates as Mackenzie Investments. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Canadian Diversified Investment Fund No. 1

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 35,958	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	660	245
Purchases	—	—
Sales	—	(74)
Settlements	—	—
Transfers into Level 3	—	35,787
Transfers out of Level 3	(36,618)	—
Balance, end of year	\$ —	\$ 35,958
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 245

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$35,787 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$36,618 was transferred on April 19, 2021 from Level 3 to Level 2.

Canadian Diversified Investment Fund No. 1

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.53	2.53	2.53	2.59	2.87
Individual Back-End Load (IB)	2.53	2.53	2.53	2.59	2.65
Managed Money (IC)	1.17	1.17	1.17	1.18	1.28
75/75 guarantee policy	2.53	2.53	2.53	2.58	2.65
75/100 guarantee policy	2.69	2.69	2.70	2.71	2.70
100/100 guarantee policy	2.84	2.84	2.85	2.86	2.85
PS1 75/75 guarantee policy	2.13	2.13	2.13	2.14	2.13
PS1 75/100 guarantee policy	2.29	2.29	2.29	2.30	2.30
PS1 100/100 guarantee policy	2.51	2.51	2.52	2.52	2.55
PS 75/75 guarantee policy	1.43	1.43	1.44	1.44	—
PS 75/100 guarantee policy	1.60	1.60	1.60	1.60	—
PPS 75/75 guarantee policy	1.03	1.02	1.02	—	—
PPS 75/100 guarantee policy	1.19	—	1.20	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	35.21	9.58	7.32	10.49	4.15

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
AGGRESSIVE PORTFOLIO FUND 7.05G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Aggressive Portfolio Fund 7.05G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Aggressive Portfolio Fund 7.05G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	139,748	134,467
Total investments	139,748	134,467
Total assets	\$ 139,748	\$ 134,467
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 139,748	\$ 134,467

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 22,420	\$ 11,839
Miscellaneous income (loss)	—	—
Total income	22,420	11,839
Expenses		
Management fees (note 8)	3,292	3,071
Other	278	259
Total expenses	3,570	3,330
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 18,850	\$ 8,509

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year		
	\$ 134,467	\$ 139,247
Contractholder deposits	5,810	2,995
Contractholder withdrawals	(19,379)	(16,284)
Increase (decrease) in net assets from operations attributable to contractholders	18,850	8,509
Change in net assets attributable to contractholders	5,281	(4,780)
Net assets attributable to contractholders - end of year	\$ 139,748	\$ 134,467

Aggressive Portfolio Fund 7.05G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 18,850	\$ 8,509
Adjustments		
Realized (gains) losses	(16,646)	(14,052)
Unrealized (gains) losses	(5,774)	2,213
Gross proceeds of disposition of investments	41,625	37,177
Gross payments for the purchase of investments	(24,486)	(20,558)
	<u>13,569</u>	<u>13,289</u>
Financing Activities		
Contractholder deposits	5,810	2,995
Contractholder withdrawals	(19,379)	(16,284)
	<u>(13,569)</u>	<u>(13,289)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Aggressive Portfolio Fund 7.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 8.05A	4,092	11,863
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Canadian Equity Fund 18.19LAK	6,092	10,923
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	4,876	10,893
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Canadian Real Estate Investment Fund No. 1	6,341	13,383
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Dividend Fund 8.01G	1,764	3,534
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Aggressive Portfolio Fund 7.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Emerging Markets Fund 18.70P	4,343	6,116
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.38%	
Infosys Ltd.	7.58%	
Tencent Holdings Ltd.	7.14%	
Samsung Electronics Co. Ltd.	6.30%	
ICICI Bank Ltd.	5.77%	
Emerging Markets Fund 9.09SC	5,808	6,105
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Global Dividend Fund 18.59SAM	4,886	5,419
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	12,700	13,997
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Small Cap Growth Fund 18.62MF	5,520	6,989
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Motorola Solutions Inc.	2.21%	
Wabtec Corp.	2.21%	

Aggressive Portfolio Fund 7.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 18.63SAM	5,834	7,724
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Groupe Bruxelles Lambert SA *	6.97%	
DCC PLC	5.43%	
Alcon Inc.	5.34%	
Samsung Electronics Co. Ltd.	5.08%	
Diageo PLC	4.71%	
International Opportunity Fund 8.07JPMF	4,514	9,720
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
ASML Holding NV	5.45%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.18%	
Novo Nordisk AS	3.82%	
Diageo PLC	3.34%	
Mid Cap Canada Fund 8.02G	3,158	6,820
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Kinaxis Inc.	5.51%	
Aritzia Inc.	4.52%	
Tecsys Inc.	3.98%	
Hardwoods Distribution Inc.	3.95%	
Boralex Inc. Class A	3.53%	
North American Equity Fund 6.11B	4,853	5,838
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	
U.S. Equity Investment Fund No. 3	6,344	8,461
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	

*The issuer of this security is a related company to the issuer of the Fund.

Aggressive Portfolio Fund 7.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Value Fund 15.01L	4,666	11,963
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	85,791	139,748

Aggressive Portfolio Fund 7.05G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	2,911	3,085	3,427	4,935	4,762	2,260	2,036	2,058	2,523	2,546
Individual No-Load (IA)	43,658	47,785	53,803	62,308	71,744	28,838	27,564	29,025	29,398	36,397
Individual Back-End Load (IB)	85,180	98,542	110,819	129,673	150,020	58,903	59,509	62,587	64,052	79,731
Managed Money (IC)	2,477	3,414	3,477	5,988	7,532	1,478	1,757	1,653	2,458	3,281
75/75 guarantee policy	871,302	972,081	1,062,613	1,111,779	928,044	22,000	21,435	21,913	20,052	18,010
75/100 guarantee policy	244,709	323,562	349,962	410,064	338,864	6,038	6,998	7,105	7,308	6,513
100/100 guarantee policy	22,147	20,702	21,437	19,035	21,599	520	428	417	326	401
PS1 75/75 guarantee policy	435,993	390,905	384,021	370,830	319,438	10,449	8,158	7,473	6,292	5,806
PS1 75/100 guarantee policy	152,639	114,516	114,971	99,248	106,807	3,621	2,368	2,219	1,672	1,930
PS1 100/100 guarantee policy	7,622	7,677	7,878	7,942	8,073	174	154	148	131	143
PS2 75/75 guarantee policy	145,597	123,245	145,339	241,027	325,726	4,415	3,175	3,407	4,809	6,792
PS2 75/100 guarantee policy	6,463	6,093	9,693	11,874	14,812	196	157	227	237	309
PS2 100/100 guarantee policy	—	—	12,953	13,342	13,755	—	—	304	266	287
PS 75/75 guarantee policy	23,720	64,144	67,717	10,366	—	310	725	708	94	—
PS 75/100 guarantee policy	993	255	272	—	—	13	3	3	—	—
PPS 75/75 guarantee policy	40,351	—	—	—	—	533	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	776.21	659.83	600.64	511.34	534.70	116.38	59.19
Individual No-Load (IA)	660.54	576.85	539.47	471.82	507.32	83.69	37.38
Individual Back-End Load (IB)	691.51	603.90	564.77	493.95	531.47	87.61	39.13
Managed Money (IC)	596.71	514.65	475.34	410.58	435.63	82.06	39.31
75/75 guarantee policy	25.25	22.05	20.62	18.04	19.41	3.20	1.43
75/100 guarantee policy	24.67	21.63	20.30	17.82	19.22	3.04	1.33
100/100 guarantee policy	23.48	20.66	19.46	17.15	18.56	2.82	1.20
PS1 75/75 guarantee policy	23.97	20.87	19.46	16.97	18.18	3.10	1.41
PS1 75/100 guarantee policy	23.72	20.68	19.30	16.85	18.07	3.04	1.38
PS1 100/100 guarantee policy	22.87	20.01	18.75	16.43	17.69	2.86	1.26
PS2 75/75 guarantee policy	30.32	25.76	23.44	19.95	20.85	4.56	2.32
PS2 75/100 guarantee policy	30.32	25.76	23.44	19.95	20.85	4.56	2.32
PS2 100/100 guarantee policy	—	—	23.44	19.95	20.85	—	—
PS 75/75 guarantee policy	13.08	11.30	10.46	9.05	—	1.78	0.84
PS 75/100 guarantee policy	12.92	11.20	10.40	—	—	1.72	0.80
PPS 75/75 guarantee policy	13.22	—	—	—	—	1.83	—

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Aggressive Portfolio Fund 7.05G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Aggressive Portfolio Fund 7.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 13,054	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	240	89
Purchases	—	—
Sales	—	(102)
Settlements	—	—
Transfers into Level 3	—	13,067
Transfers out of Level 3	(13,294)	—
Balance, end of year	\$ —	\$ 13,054
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 89

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$13,067 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$13,294 was transferred on April 19, 2021 from Level 3 to Level 2.

Aggressive Portfolio Fund 7.05G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.75	2.75	2.74	2.90	3.23
Individual Back-End Load (IB)	2.75	2.75	2.74	2.90	3.01
Managed Money (IC)	1.50	1.50	1.49	1.53	1.66
75/75 guarantee policy	2.75	2.75	2.74	2.88	3.01
75/100 guarantee policy	3.12	3.12	3.11	3.12	3.11
100/100 guarantee policy	3.48	3.48	3.48	3.49	3.47
PS1 75/75 guarantee policy	2.45	2.45	2.44	2.45	2.44
PS1 75/100 guarantee policy	2.56	2.56	2.55	2.56	2.55
PS1 100/100 guarantee policy	2.94	2.94	2.93	2.94	2.93
PS 75/75 guarantee policy	1.67	1.66	1.65	1.65	—
PS 75/100 guarantee policy	2.02	2.00	2.02	—	—
PPS 75/75 guarantee policy	1.36	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	17.83	16.02	1.32	53.36	5.85

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
ADVANCED PORTFOLIO FUND 7.04G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Advanced Portfolio Fund 7.04G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Advanced Portfolio Fund 7.04G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	195,976	187,370
Total investments	195,976	187,370
Total assets	\$ 195,976	\$ 187,370
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 195,976	\$ 187,370

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 26,109	\$ 16,602
Miscellaneous income (loss)	—	—
Total income	26,109	16,602
Expenses		
Management fees (note 8)	4,376	4,110
Other	360	339
Total expenses	4,736	4,449
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 21,373	\$ 12,153
Statement of Changes in Net Assets Attributable to Contractholders		
For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 187,370	\$ 196,952
Contractholder deposits	11,454	1,642
Contractholder withdrawals	(24,221)	(23,377)
Increase (decrease) in net assets from operations attributable to contractholders	21,373	12,153
Change in net assets attributable to contractholders	8,606	(9,582)
Net assets attributable to contractholders - end of year	\$ 195,976	\$ 187,370

Advanced Portfolio Fund 7.04G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 21,373	\$ 12,153
Adjustments		
Realized (gains) losses	(23,063)	(26,258)
Unrealized (gains) losses	(3,046)	9,656
Gross proceeds of disposition of investments	55,830	66,554
Gross payments for the purchase of investments	(38,327)	(40,370)
	<u>12,767</u>	<u>21,735</u>
Financing Activities		
Contractholder deposits	11,454	1,642
Contractholder withdrawals	(24,221)	(23,377)
	<u>(12,767)</u>	<u>(21,735)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Advanced Portfolio Fund 7.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 8.05A	4,557	13,261
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Canadian Bond Investment Fund No. 1	16,907	20,924
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	6,650	11,894
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	5,294	11,884
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Canadian Real Estate Investment Fund No. 1	7,515	16,891
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	

Advanced Portfolio Fund 7.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 8.01G	3,213	6,949
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Emerging Markets Fund 18.70P	5,082	7,079
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.38%	
Infosys Ltd.	7.58%	
Tencent Holdings Ltd.	7.14%	
Samsung Electronics Co. Ltd.	6.30%	
ICICI Bank Ltd.	5.77%	
Emerging Markets Fund 9.09SC	6,743	7,105
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Global Dividend Fund 18.59SAM	6,165	6,901
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	14,275	15,745
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

Advanced Portfolio Fund 7.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Small Cap Growth Fund 18.62MF	5,933	7,858
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Motorola Solutions Inc.	2.21%	
Wabtec Corp.	2.21%	
International Bond Investment Fund No. 1	3,323	4,713
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Equity Fund 18.63SAM	7,152	9,848
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Groupe Bruxelles Lambert SA *	6.97%	
DCC PLC	5.43%	
Alcon Inc.	5.34%	
Samsung Electronics Co. Ltd.	5.08%	
Diageo PLC	4.71%	
International Opportunity Fund 8.07JPMF	4,447	9,693
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
ASML Holding NV	5.45%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.18%	
Novo Nordisk AS	3.82%	
Diageo PLC	3.34%	
Mid Cap Canada Fund 8.02G	2,133	5,668
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Kinaxis Inc.	5.51%	
Aritzia Inc.	4.52%	
Tecsys Inc.	3.98%	
Hardwoods Distribution Inc.	3.95%	
Boralx Inc. Class A	3.53%	

*The issuer of this security is a related company to the issuer of the Fund.

Advanced Portfolio Fund 7.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Mortgage Investment Fund No. 1	3,599	4,858
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
North American Equity Fund 6.11B	6,535	7,914
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	
Real Return Bond Fund 18.52PIM	1,518	1,575
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	
U.S. Equity Investment Fund No. 3	7,414	9,895
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
Investment Fund Units (continued)		
U.S. Value Fund 15.01L	6,224	15,321
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	124,679	195,976

Advanced Portfolio Fund 7.04G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	54,562	60,612	66,001	76,225	84,117	35,267	35,130	35,786	36,934	43,638
Individual Back-End Load (IB)	97,530	106,007	122,697	142,750	164,073	66,043	64,366	69,696	72,462	89,232
Managed Money (IC)	6,782	7,191	9,154	9,799	12,947	4,185	3,930	4,622	4,367	6,096
75/75 guarantee policy	1,635,519	1,831,010	1,948,342	2,129,510	1,790,630	36,115	36,254	36,090	35,250	31,757
75/100 guarantee policy	647,528	778,900	804,249	862,695	881,301	13,995	15,136	14,660	14,091	15,452
100/100 guarantee policy	53,775	55,766	94,598	110,747	114,175	1,111	1,040	1,661	1,749	1,942
PS1 75/75 guarantee policy	860,381	806,438	839,509	974,831	752,955	17,713	14,852	14,429	14,936	12,309
PS1 75/100 guarantee policy	454,454	398,680	408,107	445,006	383,430	9,258	7,274	6,956	6,769	6,230
PS1 100/100 guarantee policy	—	—	22,868	22,614	22,176	—	—	381	338	355
PS2 75/75 guarantee policy	360,889	340,119	524,072	551,996	592,481	9,345	7,692	10,801	9,903	11,073
PS2 75/100 guarantee policy	57,733	40,932	46,948	59,137	110,725	1,495	926	968	1,061	2,069
PS 75/75 guarantee policy	50,266	48,721	67,106	41	—	636	547	697	—	—
PS 75/100 guarantee policy	10,288	9,822	9,869	9,916	—	129	109	102	91	—
PPS 75/75 guarantee policy	53,666	10,108	9,886	16,640	—	684	114	103	153	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	646.36	579.58	542.21	484.54	518.77	66.78	37.37
Individual Back-End Load (IB)	677.15	607.19	568.03	507.62	543.86	69.96	39.16
Managed Money (IC)	617.11	546.51	504.94	445.65	470.83	70.60	41.57
75/75 guarantee policy	22.08	19.80	18.52	16.55	17.74	2.28	1.28
75/100 guarantee policy	21.61	19.43	18.23	16.33	17.53	2.18	1.20
100/100 guarantee policy	20.66	18.64	17.56	15.79	17.01	2.02	1.08
PS1 75/75 guarantee policy	20.59	18.42	17.19	15.32	16.35	2.17	1.23
PS1 75/100 guarantee policy	20.37	18.24	17.05	15.21	16.25	2.13	1.19
PS1 100/100 guarantee policy	—	—	16.69	14.93	15.99	—	—
PS2 75/75 guarantee policy	25.90	22.62	20.61	17.94	18.69	3.28	2.01
PS2 75/100 guarantee policy	25.90	22.62	20.61	17.94	18.69	3.28	2.01
PS 75/75 guarantee policy	12.65	11.22	10.39	9.18	—	1.43	0.83
PS 75/100 guarantee policy	12.52	11.13	10.33	9.16	—	1.39	0.80
PPS 75/75 guarantee policy	12.74	11.28	10.41	9.18	—	1.46	0.87

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Advanced Portfolio Fund 7.04G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Advanced Portfolio Fund 7.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 16,353	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	300	111
Purchases	—	—
Sales	—	(34)
Settlements	—	—
Transfers into Level 3	—	16,276
Transfers out of Level 3	(16,653)	—
Balance, end of year	\$ —	\$ 16,353
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 111

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$16,276 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$16,653 was transferred on April 19, 2021 from Level 3 to Level 2.

Advanced Portfolio Fund 7.04G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.63	2.63	2.63	2.82	3.17
Individual Back-End Load (IB)	2.63	2.63	2.63	2.81	2.96
Managed Money (IC)	1.39	1.39	1.38	1.45	1.60
75/75 guarantee policy	2.63	2.63	2.63	2.80	2.95
75/100 guarantee policy	2.91	2.90	2.90	2.99	3.06
100/100 guarantee policy	3.28	3.29	3.29	3.37	3.42
PS1 75/75 guarantee policy	2.39	2.39	2.39	2.39	2.38
PS1 75/100 guarantee policy	2.50	2.50	2.50	2.50	2.49
PS1 100/100 guarantee policy	—	—	2.77	2.77	2.76
PS 75/75 guarantee policy	1.55	1.55	1.54	1.54	—
PS 75/100 guarantee policy	1.82	1.82	1.82	1.81	—
PPS 75/75 guarantee policy	1.30	1.31	1.30	1.29	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	19.89	22.24	2.02	11.56	6.10

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED PORTFOLIO FUND 7.03G**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Portfolio Fund 7.03G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Portfolio Fund 7.03G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	492,792	493,408
Total investments	492,792	493,408
Total assets	\$ 492,792	\$ 493,408
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 492,792	\$ 493,408

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 48,992	\$ 35,250
Miscellaneous income (loss)	—	—
Total income	48,992	35,250
Expenses		
Management fees (note 8)	10,077	10,110
Other	871	872
Total expenses	10,948	10,982
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 38,044	\$ 24,268

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 493,408	\$ 532,396
Contractholder deposits	30,580	8,310
Contractholder withdrawals	(69,240)	(71,566)
Increase (decrease) in net assets from operations attributable to contractholders	38,044	24,268
Change in net assets attributable to contractholders	(616)	(38,988)
Net assets attributable to contractholders - end of year	\$ 492,792	\$ 493,408

Balanced Portfolio Fund 7.03G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 38,044	\$ 24,268
Adjustments		
Realized (gains) losses	(63,207)	(62,950)
Unrealized (gains) losses	14,215	27,700
Gross proceeds of disposition of investments	172,680	176,153
Gross payments for the purchase of investments	(123,072)	(101,915)
	<u>38,660</u>	<u>63,256</u>
Financing Activities		
Contractholder deposits	30,580	8,310
Contractholder withdrawals	(69,240)	(71,566)
	<u>(38,660)</u>	<u>(63,256)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Portfolio Fund 7.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 8.05A	9,824	22,091
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund 6.16L	22,555	29,648
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	42,403	58,265
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	11,035	13,619
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	5,835	13,605
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	

Balanced Portfolio Fund 7.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Canadian Real Estate Investment Fund No. 1	17,190	37,792
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Corporate Bond Fund 18.51PIM	11,385	14,789
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Floating Rate Income ETF *	5.19%	
Province of Alberta 1.65% 06-01-2031	2.30%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.06%	
Loblaw Companies Ltd. 5.90% 01-18-2036	1.92%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Dividend Fund 8.01G	10,830	22,415
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Emerging Markets Fund 18.70P	13,565	13,052
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.38%	
Infosys Ltd.	7.58%	
Tencent Holdings Ltd.	7.14%	
Samsung Electronics Co. Ltd.	6.30%	
ICICI Bank Ltd.	5.77%	
Emerging Markets Fund 9.09SC	12,510	13,183
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Portfolio Fund 7.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 18.59SAM	15,513	17,374
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	15,714	17,335
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Small Cap Growth Fund 18.62MF	12,692	14,845
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Motorola Solutions Inc.	2.21%	
Wabtec Corp.	2.21%	
International Bond Investment Fund No. 1	21,318	27,226
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Equity Fund 18.63SAM	14,364	19,828
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Groupe Bruxelles Lambert SA *	6.97%	
DCC PLC	5.43%	
Alcon Inc.	5.34%	
Samsung Electronics Co. Ltd.	5.08%	
Diageo PLC	4.71%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Portfolio Fund 7.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Opportunity Fund 8.07JPMF	8,357	19,565
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
ASML Holding NV	5.45%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.18%	
Novo Nordisk AS	3.82%	
Diageo PLC	3.34%	
Long Term Bond Fund 18.53PIM	11,841	12,460
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mid Cap Canada Fund 8.02G	5,081	11,894
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Kinaxis Inc.	5.51%	
Aritzia Inc.	4.52%	
Tecsys Inc.	3.98%	
Hardwoods Distribution Inc.	3.95%	
Boralex Inc. Class A	3.53%	
Mortgage Investment Fund No. 1	24,534	32,664
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
North American Equity Fund 6.11B	16,378	19,852
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	

Balanced Portfolio Fund 7.03G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 18.52PIM	8,806	9,189
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	
U.S. Equity Investment Fund No. 3	14,870	19,850
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 15.01L	17,340	32,251
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	343,940	492,792

Balanced Portfolio Fund 7.03G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	13,386	11,203	9,727	9,775	9,154	8,538	6,478	5,228	4,682	4,467
Individual No-Load (IA)	122,126	134,229	153,480	179,568	202,187	68,248	69,717	75,953	81,195	95,614
Individual Back-End Load (IB)	172,968	195,841	226,169	265,823	303,304	101,293	106,593	117,290	125,957	150,410
Managed Money (IC)	17,936	21,805	29,659	45,903	51,455	9,727	10,855	13,893	19,402	22,444
75/75 guarantee policy	5,847,827	6,372,667	7,310,446	7,303,740	6,468,056	110,795	112,217	122,655	111,967	103,773
75/100 guarantee policy	3,228,577	3,453,599	3,894,806	4,347,893	4,000,384	60,200	60,013	64,661	66,134	63,784
100/100 guarantee policy	246,650	259,326	296,752	345,591	351,647	4,484	4,407	4,834	5,174	5,531
PS1 75/75 guarantee policy	2,791,711	2,642,005	3,113,293	2,979,482	2,544,825	49,269	43,233	48,422	42,239	37,590
PS1 75/100 guarantee policy	1,256,959	1,267,962	1,380,989	1,327,399	1,107,035	21,953	20,555	21,302	18,683	16,253
PS1 100/100 guarantee policy	193,929	169,579	170,643	194,699	217,127	3,334	2,710	2,599	2,711	3,159
PS2 75/75 guarantee policy	1,864,394	2,056,934	2,103,676	2,143,765	2,382,283	41,000	40,989	38,947	35,359	40,013
PS2 75/100 guarantee policy	304,474	336,945	428,055	392,708	252,650	6,696	6,714	7,925	6,477	4,244
PS2 100/100 guarantee policy	37,887	34,378	34,876	36,408	25,107	833	685	646	600	422
PS 75/75 guarantee policy	210,863	245,898	317,280	57,155	—	2,543	2,726	3,315	540	—
PS 75/100 guarantee policy	224,712	227,726	213,374	22,562	—	2,684	2,508	2,221	213	—
PPS 75/75 guarantee policy	75,903	247,115	216,868	77,010	—	923	2,756	2,274	728	—
PPS 75/100 guarantee policy	22,493	22,686	22,040	—	—	272	252	231	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	637.82	578.25	537.43	478.98	487.94	59.57	40.82
Individual No-Load (IA)	558.83	519.39	494.88	452.17	472.90	39.44	24.51
Individual Back-End Load (IB)	585.62	544.28	518.59	473.84	495.91	41.34	25.69
Managed Money (IC)	542.34	497.80	468.42	422.68	436.19	44.54	29.38
75/75 guarantee policy	18.95	17.61	16.78	15.33	16.04	1.34	0.83
75/100 guarantee policy	18.65	17.38	16.60	15.21	15.94	1.27	0.78
100/100 guarantee policy	18.18	17.00	16.29	14.97	15.73	1.18	0.71
PS1 75/75 guarantee policy	17.65	16.36	15.55	14.18	14.77	1.29	0.81
PS1 75/100 guarantee policy	17.46	16.21	15.43	14.07	14.68	1.25	0.78
PS1 100/100 guarantee policy	17.19	15.98	15.23	13.92	14.55	1.21	0.75
PS2 75/75 guarantee policy	21.99	19.93	18.51	16.49	16.80	2.06	1.42
PS2 75/100 guarantee policy	21.99	19.93	18.51	16.49	16.80	2.06	1.42
PS2 100/100 guarantee policy	21.99	19.93	18.51	16.49	16.80	2.06	1.42
PS 75/75 guarantee policy	12.06	11.09	10.45	9.44	—	0.97	0.64
PS 75/100 guarantee policy	11.94	11.01	10.41	9.43	—	0.93	0.60
PPS 75/75 guarantee policy	12.16	11.15	10.49	9.45	—	1.01	0.66
PPS 75/100 guarantee policy	12.11	11.12	10.47	—	—	0.99	0.65

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Portfolio Fund 7.03G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Portfolio Fund 7.03G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 48,773	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	896	332
Purchases	—	—
Sales	—	(213)
Settlements	—	—
Transfers into Level 3	—	48,654
Transfers out of Level 3	(49,669)	—
Balance, end of year	\$ —	\$ 48,773
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 333

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$48,654 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$49,669 was transferred on April 19, 2021 from Level 3 to Level 2.

Balanced Portfolio Fund 7.03G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.53	2.53	2.53	2.75	3.14
Individual Back-End Load (IB)	2.53	2.54	2.53	2.75	2.92
Managed Money (IC)	1.29	1.29	1.28	1.37	1.55
75/75 guarantee policy	2.53	2.53	2.53	2.73	2.91
75/100 guarantee policy	2.81	2.81	2.81	2.90	2.97
100/100 guarantee policy	3.12	3.12	3.12	3.13	3.12
PS1 75/75 guarantee policy	2.29	2.29	2.29	2.29	2.28
PS1 75/100 guarantee policy	2.40	2.40	2.40	2.40	2.39
PS1 100/100 guarantee policy	2.56	2.56	2.56	2.57	2.56
PS 75/75 guarantee policy	1.45	1.45	1.44	1.44	—
PS 75/100 guarantee policy	1.72	1.72	1.71	1.71	—
PPS 75/75 guarantee policy	1.21	1.20	1.20	1.20	—
PPS 75/100 guarantee policy	1.31	1.31	1.30	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	24.84	20.58	3.84	8.41	7.16

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE PORTFOLIO FUND 7.02G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Portfolio Fund 7.02G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Portfolio Fund 7.02G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	265,937	255,411
Total investments	265,937	255,411
Total assets	\$ 265,937	\$ 255,411
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 265,937	\$ 255,411

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 18,533	\$ 18,564
Miscellaneous income (loss)	—	—
Total income	18,533	18,564
Expenses		
Management fees (note 8)	5,116	5,032
Other	533	520
Total expenses	5,649	5,552
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 12,884	\$ 13,012

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 255,411	\$ 267,199
Contractholder deposits	44,930	17,579
Contractholder withdrawals	(47,288)	(42,379)
Increase (decrease) in net assets from operations attributable to contractholders	12,884	13,012
Change in net assets attributable to contractholders	10,526	(11,788)
Net assets attributable to contractholders - end of year	\$ 265,937	\$ 255,411

Moderate Portfolio Fund 7.02G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 12,884	\$ 13,012
Adjustments		
Realized (gains) losses	(24,330)	(25,487)
Unrealized (gains) losses	5,797	6,923
Gross proceeds of disposition of investments	90,286	86,466
Gross payments for the purchase of investments	(82,279)	(56,114)
	<u>2,358</u>	<u>24,800</u>
Financing Activities		
Contractholder deposits	44,930	17,579
Contractholder withdrawals	(47,288)	(42,379)
	<u>(2,358)</u>	<u>(24,800)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Portfolio Fund 7.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 8.05A	7,269	8,992
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund 6.16L	14,041	18,630
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	28,643	37,110
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	6,343	7,745
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	4,379	7,751
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	

Moderate Portfolio Fund 7.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Canadian Real Estate Investment Fund No. 1	10,207	20,354
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Corporate Bond Fund 18.51PIM	11,040	13,290
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Floating Rate Income ETF *	5.19%	
Province of Alberta 1.65% 06-01-2031	2.30%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.06%	
Loblaw Companies Ltd. 5.90% 01-18-2036	1.92%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Dividend Fund 8.01G	4,991	9,365
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Emerging Markets Fund 18.70P	5,614	5,428
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.38%	
Infosys Ltd.	7.58%	
Tencent Holdings Ltd.	7.14%	
Samsung Electronics Co. Ltd.	6.30%	
ICICI Bank Ltd.	5.77%	
Emerging Markets Fund 9.09SC	5,185	5,418
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Portfolio Fund 7.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 18.59SAM	7,138	7,966
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	6,998	13,264
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Infrastructure Equity Fund 18.31L	4,511	6,657
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	
Global Unconstrained Fund 18.61MF	7,491	9,295
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Investment Fund No. 1	12,008	14,726
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Portfolio Fund 7.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Equity Fund 18.63SAM	4,773	5,309
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Groupe Bruxelles Lambert SA *	6.97%	
DCC PLC	5.43%	
Alcon Inc.	5.34%	
Samsung Electronics Co. Ltd.	5.08%	
Diageo PLC	4.71%	
International Opportunity Fund 8.07JPMF	4,637	5,298
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
ASML Holding NV	5.45%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.18%	
Novo Nordisk AS	3.82%	
Diageo PLC	3.34%	
Long Term Bond Fund 18.53PIM	10,710	12,172
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mortgage Investment Fund No. 1	19,032	24,539
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
North American Equity Fund 6.11B	6,659	8,004
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Portfolio Fund 7.02G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 18.52PIM	6,525	6,828
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	
U.S. Equity Investment Fund No. 3	6,828	9,034
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 15.01L	5,620	8,762
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	200,642	265,937

Moderate Portfolio Fund 7.02G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Investment Only	5,590	3,163	2,017	1,382	1,532	3,210	1,699	1,005	629	689
Individual No-Load (IA)	79,878	85,391	97,064	105,660	128,893	41,525	42,509	45,978	46,812	57,918
Individual Back-End Load (IB)	73,100	83,803	92,690	108,903	129,553	39,841	43,739	46,032	50,584	61,075
Managed Money (IC)	9,976	12,260	15,055	15,655	15,786	5,408	6,285	7,251	6,963	7,030
75/75 guarantee policy	2,897,818	2,988,587	3,383,925	3,263,971	3,181,088	50,112	49,491	53,322	48,103	47,583
75/100 guarantee policy	2,172,808	2,334,020	2,551,353	2,622,249	2,801,065	36,996	38,162	39,803	38,367	41,664
100/100 guarantee policy	183,982	190,788	241,217	236,077	237,154	3,058	3,053	3,693	3,398	3,478
PS1 75/75 guarantee policy	1,926,031	1,563,787	1,621,000	1,580,124	1,696,072	29,534	22,908	22,539	20,498	22,237
PS1 75/100 guarantee policy	1,041,865	988,535	1,022,237	986,461	1,150,884	15,807	14,343	14,094	12,703	14,995
PS1 100/100 guarantee policy	81,552	88,290	95,361	98,624	102,736	1,218	1,263	1,298	1,256	1,326
PS2 75/75 guarantee policy	1,077,840	942,095	1,029,764	1,184,506	1,060,593	20,430	16,684	16,932	17,775	15,733
PS2 75/100 guarantee policy	447,525	317,067	289,266	369,709	343,447	8,482	5,615	4,756	5,548	5,095
PS 75/75 guarantee policy	98,066	175,140	247,910	55,707	—	1,170	1,979	2,637	548	—
PS 75/100 guarantee policy	262,120	305,390	312,722	134,641	—	3,098	3,428	3,313	1,323	—
PPS 75/75 guarantee policy	480,979	352,181	404,677	113,919	—	5,788	4,005	4,320	1,122	—
PPS 75/100 guarantee policy	21,703	21,890	21,230	—	—	260	248	226	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Investment Only	574.26	536.80	498.59	455.20	450.15	37.46	38.21
Individual No-Load (IA)	519.85	497.82	473.69	443.04	449.35	22.03	24.13
Individual Back-End Load (IB)	545.02	521.92	496.62	464.49	471.43	23.10	25.30
Managed Money (IC)	542.17	512.65	481.65	444.80	445.32	29.52	31.00
75/75 guarantee policy	17.29	16.56	15.76	14.74	14.96	0.73	0.80
75/100 guarantee policy	17.03	16.35	15.60	14.63	14.87	0.68	0.75
100/100 guarantee policy	16.62	16.00	15.31	14.40	14.66	0.62	0.69
PS1 75/75 guarantee policy	15.33	14.65	13.90	12.97	13.11	0.68	0.75
PS1 75/100 guarantee policy	15.17	14.51	13.79	12.88	13.03	0.66	0.72
PS1 100/100 guarantee policy	14.93	14.31	13.62	12.74	12.91	0.62	0.69
PS2 75/75 guarantee policy	18.95	17.71	16.44	15.01	14.83	1.24	1.27
PS2 75/100 guarantee policy	18.95	17.71	16.44	15.01	14.83	1.24	1.27
PS 75/75 guarantee policy	11.93	11.30	10.64	9.84	—	0.63	0.66
PS 75/100 guarantee policy	11.82	11.22	10.59	9.83	—	0.60	0.63
PPS 75/75 guarantee policy	12.04	11.37	10.67	9.85	—	0.67	0.70
PPS 75/100 guarantee policy	11.99	11.34	10.66	—	—	0.65	0.68

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Portfolio Fund 7.02G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Portfolio Fund 7.02G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 19,497	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	358	133
Purchases	—	—
Sales	—	(118)
Settlements	—	—
Transfers into Level 3	—	19,482
Transfers out of Level 3	(19,855)	—
Balance, end of year	\$ —	\$ 19,497
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 133

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$19,482 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$19,855 was transferred on April 19, 2021 from Level 3 to Level 2.

Moderate Portfolio Fund 7.02G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.46	2.47	2.46	2.66	3.02
Individual Back-End Load (IB)	2.47	2.47	2.46	2.65	2.80
Managed Money (IC)	1.20	1.20	1.19	1.31	1.52
75/75 guarantee policy	2.46	2.47	2.46	2.64	2.79
75/100 guarantee policy	2.74	2.74	2.74	2.80	2.85
100/100 guarantee policy	3.01	3.01	3.00	3.01	3.00
PS1 75/75 guarantee policy	2.22	2.22	2.21	2.22	2.21
PS1 75/100 guarantee policy	2.33	2.33	2.32	2.33	2.32
PS1 100/100 guarantee policy	2.50	2.49	2.49	2.50	2.48
PS 75/75 guarantee policy	1.36	1.36	1.35	1.35	—
PS 75/100 guarantee policy	1.64	1.64	1.63	1.63	—
PPS 75/75 guarantee policy	1.11	1.11	1.10	1.10	—
PPS 75/100 guarantee policy	1.23	1.22	1.21	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	30.83	21.91	5.73	6.54	12.17

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CONSERVATIVE PORTFOLIO FUND 7.01G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Conservative Portfolio Fund 7.01G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Conservative Portfolio Fund 7.01G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	221,416	241,736
Total investments	221,416	241,736
Total assets	\$ 221,416	\$ 241,736
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 221,416	\$ 241,736

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 10,359	\$ 17,796
Miscellaneous income (loss)	—	—
Total income	10,359	17,796
Expenses		
Management fees (note 8)	4,614	4,633
Other	434	435
Total expenses	5,048	5,068
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 5,311	\$ 12,728

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 241,736	\$ 232,594
Contractholder deposits	17,900	35,199
Contractholder withdrawals	(43,531)	(38,785)
Increase (decrease) in net assets from operations attributable to contractholders	5,311	12,728
Change in net assets attributable to contractholders	(20,320)	9,142
Net assets attributable to contractholders - end of year	\$ 221,416	\$ 241,736

Conservative Portfolio Fund 7.01G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 5,311	\$ 12,728
Adjustments		
Realized (gains) losses	(17,419)	(13,278)
Unrealized (gains) losses	7,060	(4,518)
Gross proceeds of disposition of investments	80,250	59,559
Gross payments for the purchase of investments	(49,571)	(50,905)
	<u>25,631</u>	<u>3,586</u>
Financing Activities		
Contractholder deposits	17,900	35,199
Contractholder withdrawals	(43,531)	(38,785)
	<u>(25,631)</u>	<u>(3,586)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Conservative Portfolio Fund 7.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 8.05A	4,451	5,496
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Bond Fund 6.16L	16,411	20,986
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	32,804	40,745
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Investment Fund No. 3	5,758	8,862
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Canadian Real Estate Investment Fund No. 1	7,285	13,314
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	

Conservative Portfolio Fund 7.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Corporate Bond Fund 18.51PIM	12,486	15,536
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Floating Rate Income ETF *	5.19%	
Province of Alberta 1.65% 06-01-2031	2.30%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.06%	
Loblaw Companies Ltd. 5.90% 01-18-2036	1.92%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Dividend Fund 8.01G	3,965	6,648
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Emerging Markets Fund 18.70P	3,445	3,321
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.38%	
Infosys Ltd.	7.58%	
Tencent Holdings Ltd.	7.14%	
Samsung Electronics Co. Ltd.	6.30%	
ICICI Bank Ltd.	5.77%	
Emerging Markets Fund 9.09SC	3,165	3,308
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Global Dividend Fund 18.59SAM	3,945	4,403
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Portfolio Fund 7.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Fund 9.06SC	5,945	8,818
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Infrastructure Equity Fund 18.31L	3,215	4,421
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	
Global Unconstrained Fund 18.61MF	9,003	11,072
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Investment Fund No. 1	12,025	14,452
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
International Equity Fund 18.63SAM	2,963	3,300
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Groupe Bruxelles Lambert SA *	6.97%	
DCC PLC	5.43%	
Alcon Inc.	5.34%	
Samsung Electronics Co. Ltd.	5.08%	
Diageo PLC	4.71%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Portfolio Fund 7.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Opportunity Fund 8.07JPMF	2,889	3,306
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
ASML Holding NV	5.45%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.18%	
Novo Nordisk AS	3.82%	
Diageo PLC	3.34%	
Long Term Bond Fund 18.53PIM	5,628	6,681
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mortgage Investment Fund No. 1	20,382	25,388
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
North American Equity Fund 6.11B	3,690	4,424
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	
Real Return Bond Fund 18.52PIM	5,839	7,019
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	

Conservative Portfolio Fund 7.01G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Equity Investment Fund No. 3	3,738	4,958
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 15.01L	3,256	4,958
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	172,288	221,416

Conservative Portfolio Fund 7.01G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	85,938	84,681	88,238	103,956	140,128	40,232	38,842	38,430	42,759	58,225
Individual Back-End Load (IB)	75,753	82,582	94,062	110,721	137,324	37,143	39,673	42,906	47,698	59,802
Managed Money (IC)	4,815	5,108	6,748	10,844	13,973	2,468	2,533	3,138	4,703	6,047
75/75 guarantee policy	3,197,175	3,920,276	3,823,274	3,991,502	3,885,123	50,436	60,593	56,110	55,323	54,435
75/100 guarantee policy	1,893,105	2,338,435	2,493,812	2,203,930	2,173,011	29,417	35,700	36,249	30,338	30,287
100/100 guarantee policy	94,249	71,224	81,419	127,428	142,780	1,432	1,065	1,161	1,723	1,958
PS1 75/75 guarantee policy	1,723,771	1,765,475	1,487,615	1,781,078	1,097,758	24,213	24,226	19,324	21,786	13,517
PS1 75/100 guarantee policy	1,126,543	1,175,090	1,147,347	1,082,051	1,003,649	15,658	15,973	14,780	13,139	12,282
PS1 100/100 guarantee policy	38,719	42,598	36,152	12,594	11,460	533	574	462	152	140
PS2 75/75 guarantee policy	759,765	779,052	692,378	811,578	885,152	13,042	12,793	10,542	11,396	12,253
PS2 75/100 guarantee policy	215,762	257,837	240,001	232,304	173,902	3,704	4,234	3,654	3,262	2,407
PS2 100/100 guarantee policy	4,277	707	700	—	—	73	12	11	—	—
PS 75/75 guarantee policy	128,843	163,774	205,366	142,919	—	1,499	1,846	2,174	1,414	—
PS 75/100 guarantee policy	50,528	93,705	62,622	38,919	—	582	1,049	660	384	—
PPS 75/75 guarantee policy	78,880	230,976	281,495	178,388	—	927	2,623	2,993	1,767	—
PPS 75/100 guarantee policy	4,823	8	—	—	—	57	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	468.15	458.69	435.52	411.32	415.51	9.46	23.17
Individual Back-End Load (IB)	490.31	480.40	456.14	430.79	435.48	9.91	24.26
Managed Money (IC)	512.66	496.02	465.08	433.74	432.79	16.64	30.94
75/75 guarantee policy	15.78	15.46	14.68	13.86	14.01	0.32	0.78
75/100 guarantee policy	15.54	15.27	14.54	13.77	13.94	0.27	0.73
100/100 guarantee policy	15.20	14.95	14.26	13.52	13.71	0.25	0.69
PS1 75/75 guarantee policy	14.05	13.72	12.99	12.23	12.31	0.33	0.73
PS1 75/100 guarantee policy	13.90	13.59	12.88	12.14	12.24	0.31	0.71
PS1 100/100 guarantee policy	13.75	13.47	12.78	12.06	12.16	0.28	0.69
PS2 75/75 guarantee policy	17.17	16.42	15.23	14.04	13.84	0.75	1.19
PS2 75/100 guarantee policy	17.16	16.42	15.23	14.04	13.84	0.74	1.19
PS2 100/100 guarantee policy	17.16	16.42	15.23	—	—	0.74	1.19
PS 75/75 guarantee policy	11.63	11.27	10.59	9.89	—	0.36	0.68
PS 75/100 guarantee policy	11.52	11.20	10.54	9.88	—	0.32	0.66
PPS 75/75 guarantee policy	11.75	11.36	10.63	9.90	—	0.39	0.73
PPS 75/100 guarantee policy	11.76	11.37	—	—	—	0.39	0.75

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Conservative Portfolio Fund 7.01G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Conservative Portfolio Fund 7.01G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 13,384	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	246	91
Purchases	—	—
Sales	—	(82)
Settlements	—	—
Transfers into Level 3	—	13,375
Transfers out of Level 3	(13,630)	—
Balance, end of year	\$ —	\$ 13,384
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 91

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$13,375 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$13,630 was transferred on April 19, 2021 from Level 3 to Level 2.

Conservative Portfolio Fund 7.01G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.39	2.39	2.39	2.53	2.83
Individual Back-End Load (IB)	2.39	2.39	2.39	2.52	2.61
Managed Money (IC)	1.13	1.13	1.13	1.25	1.46
75/75 guarantee policy	2.39	2.39	2.39	2.51	2.61
75/100 guarantee policy	2.66	2.66	2.66	2.67	2.66
100/100 guarantee policy	2.81	2.82	2.82	2.83	2.82
PS1 75/75 guarantee policy	2.09	2.09	2.09	2.09	2.09
PS1 75/100 guarantee policy	2.20	2.20	2.20	2.20	2.20
PS1 100/100 guarantee policy	2.31	2.30	2.30	2.31	2.31
PS 75/75 guarantee policy	1.29	1.30	1.29	1.29	—
PS 75/100 guarantee policy	1.57	1.56	1.56	1.56	—
PPS 75/75 guarantee policy	1.00	0.99	0.99	0.99	—
PPS 75/100 guarantee policy	1.10	1.10	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	21.27	21.84	5.56	10.76	11.56

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CANADIAN EQUITY PORTFOLIO FUND 9.13G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Canadian Equity Portfolio Fund 9.13G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Canadian Equity Portfolio Fund 9.13G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	19,927	18,880
Total investments	19,927	18,880
Total assets	\$ 19,927	\$ 18,880
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 19,927	\$ 18,880

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 4,298	\$ 649
Miscellaneous income (loss)	—	—
Total income	4,298	649
Expenses		
Management fees (note 8)	446	416
Other	44	41
Total expenses	490	457
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,808	\$ 192

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 18,880	\$ 20,794
Contractholder deposits	1,568	1,121
Contractholder withdrawals	(4,329)	(3,227)
Increase (decrease) in net assets from operations attributable to contractholders	3,808	192
Change in net assets attributable to contractholders	1,047	(1,914)
Net assets attributable to contractholders - end of year	\$ 19,927	\$ 18,880

Canadian Equity Portfolio Fund 9.13G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,808	\$ 192
Adjustments		
Realized (gains) losses	(3,728)	(991)
Unrealized (gains) losses	(570)	342
Gross proceeds of disposition of investments	10,324	3,767
Gross payments for the purchase of investments	(7,073)	(1,204)
	<u>2,761</u>	<u>2,106</u>
Financing Activities		
Contractholder deposits	1,568	1,121
Contractholder withdrawals	(4,329)	(3,227)
	<u>(2,761)</u>	<u>(2,106)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Canadian Equity Portfolio Fund 9.13G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Canadian Equity Fund 18.19LAK	3,933	4,979
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	3,462	4,981
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Dividend Fund 8.01G	1,629	2,989
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Equity Fund 6.14BST	1,108	1,992
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	6.53%	
Brookfield Asset Management Inc.	6.52%	
The Toronto-Dominion Bank	5.98%	
Canadian National Railway Co.	4.91%	
The Bank of Nova Scotia	4.44%	
Mid Cap Canada Fund 8.02G	1,340	1,998
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Kinaxis Inc.	5.51%	
Aritzia Inc.	4.52%	
Tecsys Inc.	3.98%	
Hardwoods Distribution Inc.	3.95%	
Borex Inc. Class A	3.53%	

Canadian Equity Portfolio Fund 9.13G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
North American Equity Fund 6.11B	1,624	2,988
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	
Total Investments	13,096	19,927

Canadian Equity Portfolio Fund 9.13G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	6,291	7,893	10,046	11,860	14,377	3,335	3,443	4,317	4,345	5,850
Individual Back-End Load (IB)	12,474	14,738	17,061	22,944	25,492	6,862	6,671	7,607	8,722	10,770
Managed Money (IC)	2,247	3,490	3,696	3,820	4,160	1,599	2,018	2,078	1,809	2,159
75/75 guarantee policy	50,306	53,958	59,178	70,928	79,948	1,234	1,090	1,177	1,203	1,507
75/100 guarantee policy	58,762	77,884	82,705	96,533	75,487	1,401	1,534	1,611	1,609	1,402
100/100 guarantee policy	5,457	6,682	6,829	7,419	8,026	125	126	128	120	145
PS1 75/75 guarantee policy	94,786	77,886	76,611	79,724	64,793	2,123	1,430	1,380	1,219	1,096
PS1 75/100 guarantee policy	115,585	111,128	99,195	145,073	116,509	2,535	2,002	1,757	2,187	1,946
PS1 100/100 guarantee policy	1,703	1,703	—	—	—	36	30	—	—	—
PS2 75/75 guarantee policy	20,595	22,637	33,044	33,204	34,961	579	509	712	594	675
PS2 75/100 guarantee policy	3,484	1,204	1,232	1,260	1,289	98	27	27	22	25

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	530.16	436.25	429.73	366.40	406.91	93.91	6.52
Individual Back-End Load (IB)	550.07	452.64	445.87	380.16	422.49	97.43	6.77
Managed Money (IC)	711.49	578.13	562.33	473.47	518.99	133.36	15.80
75/75 guarantee policy	24.54	20.19	19.89	16.96	18.85	4.35	0.30
75/100 guarantee policy	23.85	19.70	19.48	16.67	18.58	4.15	0.22
100/100 guarantee policy	22.83	18.92	18.78	16.13	18.04	3.91	0.14
PS1 75/75 guarantee policy	22.40	18.36	18.01	15.29	16.91	4.04	0.35
PS1 75/100 guarantee policy	21.93	18.01	17.71	15.07	16.71	3.92	0.30
PS1 100/100 guarantee policy	21.25	17.51	—	—	—	3.74	0.24
PS2 75/75 guarantee policy	28.11	22.50	21.56	17.88	19.32	5.61	0.94
PS2 75/100 guarantee policy	28.11	22.50	21.56	17.88	19.31	5.61	0.94

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Canadian Equity Portfolio Fund 9.13G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Canadian Equity Portfolio Fund 9.13G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Canadian Equity Portfolio Fund 9.13G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.77	2.77	2.76	2.86	3.19
Individual Back-End Load (IB)	2.77	2.77	2.76	2.85	2.97
Managed Money (IC)	1.51	1.50	1.50	1.51	1.61
75/75 guarantee policy	2.76	2.77	2.76	2.85	2.97
75/100 guarantee policy	3.14	3.14	3.13	3.14	3.11
100/100 guarantee policy	3.50	3.50	3.49	3.51	3.49
PS1 75/75 guarantee policy	2.36	2.36	2.35	2.36	2.34
PS1 75/100 guarantee policy	2.58	2.58	2.58	2.58	2.56
PS1 100/100 guarantee policy	2.90	2.91	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	36.89	6.75	9.22	15.42	30.64

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
GLOBAL EQUITY PORTFOLIO FUND 9.14G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Global Equity Portfolio Fund 9.14G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Global Equity Portfolio Fund 9.14G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	27,679	25,488
Total investments	27,679	25,488
Total assets	\$ 27,679	\$ 25,488
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 27,679	\$ 25,488

Statement of Comprehensive Income

	December 31 2021	December 31 2020
For the years ended		
Income		
Net gain (loss) on investments	\$ 4,463	\$ 2,025
Miscellaneous income (loss)	—	—
Total income	4,463	2,025
Expenses		
Management fees (note 8)	579	529
Other	61	56
Total expenses	640	585
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 3,823	\$ 1,440

Statement of Changes in Net Assets Attributable to Contractholders

	December 31 2021	December 31 2020
For the years ended		
Net assets attributable to contractholders - beginning of year		
	\$ 25,488	\$ 26,808
Contractholder deposits	1,456	133
Contractholder withdrawals	(3,088)	(2,893)
Increase (decrease) in net assets from operations attributable to contractholders	3,823	1,440
Change in net assets attributable to contractholders	2,191	(1,320)
Net assets attributable to contractholders - end of year	\$ 27,679	\$ 25,488

Global Equity Portfolio Fund 9.14G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 3,823	\$ 1,440
Adjustments		
Realized (gains) losses	(3,813)	(1,289)
Unrealized (gains) losses	(650)	(736)
Gross proceeds of disposition of investments	11,177	4,251
Gross payments for the purchase of investments	(8,905)	(906)
	<u>1,632</u>	<u>2,760</u>
Financing Activities		
Contractholder deposits	1,456	133
Contractholder withdrawals	(3,088)	(2,893)
	<u>(1,632)</u>	<u>(2,760)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Global Equity Portfolio Fund 9.14G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
American Growth Fund 8.05A	2,706	4,533
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Amazon.com Inc.	6.54%	
UnitedHealth Group Inc.	4.79%	
Cheniere Energy Inc.	4.40%	
Hilton Worldwide Holdings Inc.	4.36%	
Qualcomm Inc.	4.27%	
Emerging Markets Fund 18.70P	1,013	1,341
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	10.38%	
Infosys Ltd.	7.58%	
Tencent Holdings Ltd.	7.14%	
Samsung Electronics Co. Ltd.	6.30%	
ICICI Bank Ltd.	5.77%	
Emerging Markets Fund 9.09SC	1,386	1,353
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Taiwan Semiconductor Manufacturing Co. Ltd.	7.57%	
Samsung Electronics Co. Ltd.	3.47%	
Infosys Ltd.	2.70%	
China Construction Bank Corp.	2.35%	
Tencent Holdings Ltd.	1.99%	
Global Dividend Fund 18.59SAM	953	1,398
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	1,559	2,783
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	

Global Equity Portfolio Fund 9.14G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Infrastructure Equity Fund 18.31L	1,124	1,396
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	
Global Small Cap Growth Fund 18.62MF	1,543	1,947
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	2.87%	
Akamai Technologies Inc.	2.43%	
Cirrus Logic Inc.	2.30%	
Motorola Solutions Inc.	2.21%	
Wabtec Corp.	2.21%	
International Equity Fund 18.63SAM	1,969	2,509
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Groupe Bruxelles Lambert SA *	6.97%	
DCC PLC	5.43%	
Alcon Inc.	5.34%	
Samsung Electronics Co. Ltd.	5.08%	
Diageo PLC	4.71%	
International Opportunity Fund 8.07JPMF	1,440	2,467
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
ASML Holding NV	5.45%	
Nestle SA	4.49%	
LVMH Moet Hennessy Louis Vuitton SE	4.18%	
Novo Nordisk AS	3.82%	
Diageo PLC	3.34%	
U.S. Equity Investment Fund No. 3	2,981	4,597
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	

*The issuer of this security is a related company to the issuer of the Fund.

Global Equity Portfolio Fund 9.14G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Value Fund 15.01L	1,817	3,355
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	18,491	27,679

Global Equity Portfolio Fund 9.14G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	12,466	13,412	15,205	17,069	18,065	3,809	3,563	3,791	3,774	4,260
Individual Back-End Load (IB)	13,555	15,211	17,312	22,832	25,512	4,295	4,190	4,476	5,235	6,244
Managed Money (IC)	6,169	6,938	7,827	9,200	7,548	2,563	2,473	2,586	2,662	2,299
75/75 guarantee policy	125,460	127,331	144,772	133,448	99,323	3,496	3,084	3,291	2,690	2,137
75/100 guarantee policy	81,514	115,003	121,652	113,768	75,315	2,225	2,738	2,727	2,269	1,608
100/100 guarantee policy	10,989	11,181	15,607	15,944	12,926	278	248	329	300	262
PS1 75/75 guarantee policy	94,975	107,433	119,620	156,531	129,699	2,545	2,491	2,591	2,992	2,632
PS1 75/100 guarantee policy	160,679	123,175	137,068	152,500	107,979	4,171	2,776	2,895	2,853	2,151
PS1 100/100 guarantee policy	—	6,442	10,991	16,507	13,523	—	140	224	300	263
PS2 75/75 guarantee policy	71,252	73,396	80,383	90,032	77,811	2,434	2,115	2,109	2,033	1,818
PS2 75/100 guarantee policy	46,942	49,724	58,648	60,392	63,740	1,604	1,433	1,539	1,364	1,490
PS2 100/100 guarantee policy	485	499	514	1,104	1,138	17	14	14	25	27
PS 75/75 guarantee policy	15,419	19,493	21,137	—	—	199	217	218	—	—
PS 75/100 guarantee policy	1,257	560	565	—	—	16	6	6	—	—
PPS 75/75 guarantee policy	2,067	—	—	—	—	27	—	—	—	—
PPS 75/100 guarantee policy	—	—	1,137	—	—	—	—	12	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	305.56	265.63	249.31	221.09	235.82	39.93	16.32
Individual Back-End Load (IB)	316.89	275.48	258.55	229.29	244.74	41.41	16.93
Managed Money (IC)	415.37	356.53	330.40	289.33	304.59	58.84	26.13
75/75 guarantee policy	27.87	24.22	22.74	20.16	21.52	3.65	1.48
75/100 guarantee policy	27.30	23.81	22.42	19.95	21.34	3.49	1.39
100/100 guarantee policy	25.31	22.22	21.05	18.85	20.30	3.09	1.17
PS1 75/75 guarantee policy	26.80	23.19	21.66	19.12	20.29	3.61	1.53
PS1 75/100 guarantee policy	25.96	22.54	21.12	18.71	19.92	3.42	1.42
PS1 100/100 guarantee policy	—	21.69	20.42	18.16	19.43	—	1.27
PS2 75/75 guarantee policy	34.16	28.81	26.24	22.58	23.37	5.35	2.57
PS2 75/100 guarantee policy	34.16	28.81	26.24	22.58	23.37	5.35	2.57
PS2 100/100 guarantee policy	34.16	28.81	26.24	22.58	23.37	5.35	2.57
PS 75/75 guarantee policy	12.93	11.11	10.32	—	—	1.82	0.79
PS 75/100 guarantee policy	12.78	11.02	10.27	—	—	1.76	0.75
PPS 75/75 guarantee policy	13.14	—	—	—	—	1.89	—
PPS 75/100 guarantee policy	—	—	10.34	—	—	—	—

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Global Equity Portfolio Fund 9.14G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Global Equity Portfolio Fund 9.14G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Global Equity Portfolio Fund 9.14G

Supplemental Information *(unaudited)*

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	3.02	3.03	3.00	3.08	3.42
Individual Back-End Load (IB)	3.02	3.03	3.00	3.08	3.20
Managed Money (IC)	1.75	1.76	1.73	1.73	1.84
75/75 guarantee policy	3.02	3.03	3.00	3.06	3.20
75/100 guarantee policy	3.36	3.36	3.33	3.31	3.30
100/100 guarantee policy	3.98	3.99	3.96	3.94	3.93
PS1 75/75 guarantee policy	2.56	2.55	2.53	2.52	2.51
PS1 75/100 guarantee policy	2.88	2.88	2.86	2.84	2.83
PS1 100/100 guarantee policy	—	3.34	3.31	3.29	3.27
PS 75/75 guarantee policy	1.92	1.92	1.90	—	—
PS 75/100 guarantee policy	2.23	2.25	2.22	—	—
PPS 75/75 guarantee policy	1.44	—	—	—	—
PPS 75/100 guarantee policy	—	—	1.73	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	34.06	3.78	8.06	18.42	14.78

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
FIXED INCOME PORTFOLIO FUND 9.15G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Fixed Income Portfolio Fund 9.15G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Fixed Income Portfolio Fund 9.15G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	36,977	44,023
Total investments	36,977	44,023
Total assets	\$ 36,977	\$ 44,023
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 36,977	\$ 44,023

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ (767)	\$ 3,342
Miscellaneous income (loss)	—	—
Total income	(767)	3,342
Expenses		
Management fees (note 8)	562	546
Other	61	60
Total expenses	623	606
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (1,390)	\$ 2,736

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 44,023	\$ 36,072
Contractholder deposits	4,612	10,961
Contractholder withdrawals	(10,268)	(5,746)
Increase (decrease) in net assets from operations attributable to contractholders	(1,390)	2,736
Change in net assets attributable to contractholders	(7,046)	7,951
Net assets attributable to contractholders - end of year	\$ 36,977	\$ 44,023

Fixed Income Portfolio Fund 9.15G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (1,390)	\$ 2,736
Adjustments		
Realized (gains) losses	(1,789)	(631)
Unrealized (gains) losses	2,556	(2,711)
Gross proceeds of disposition of investments	17,086	4,588
Gross payments for the purchase of investments	(10,807)	(9,197)
	<u>5,656</u>	<u>(5,215)</u>
Financing Activities		
Contractholder deposits	4,612	10,961
Contractholder withdrawals	(10,268)	(5,746)
	<u>(5,656)</u>	<u>5,215</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Fixed Income Portfolio Fund 9.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 6.16L	6,281	7,036
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	7,887	8,887
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Corporate Bond Fund 18.51PIM	3,004	3,330
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Mackenzie Floating Rate Income ETF *	5.19%	
Province of Alberta 1.65% 06-01-2031	2.30%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	2.06%	
Loblaw Companies Ltd. 5.90% 01-18-2036	1.92%	
AltaLink LP 3.99% 06-30-2042	1.75%	
Global Unconstrained Fund 18.61MF	2,593	2,946
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Investment Fund No. 1	3,369	3,660
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	

*The issuer of this security is a related company to the issuer of the Fund.

Fixed Income Portfolio Fund 9.15G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Long Term Bond Fund 18.53PIM	3,434	3,716
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mortgage Investment Fund No. 1	4,893	5,542
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
Real Return Bond Fund 18.52PIM	1,659	1,860
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	
Total Investments	33,120	36,977

Fixed Income Portfolio Fund 9.15G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	14,199	15,930	15,018	12,071	12,824	4,847	5,643	4,998	3,854	4,103
Individual Back-End Load (IB)	8,351	10,815	7,661	9,326	10,981	2,954	3,969	2,642	3,085	3,643
Managed Money (IC)	4,464	4,878	4,620	4,216	3,446	1,930	2,168	1,911	1,657	1,345
75/75 guarantee policy	457,134	460,260	387,396	311,380	296,722	5,975	6,242	4,936	3,806	3,638
75/100 guarantee policy	281,618	391,735	462,238	382,560	289,374	3,652	5,276	5,856	4,655	3,535
100/100 guarantee policy	16,885	15,731	16,728	21,368	21,731	216	210	210	259	264
PS1 75/75 guarantee policy	272,767	301,161	192,750	155,486	85,305	3,338	3,802	2,273	1,749	956
PS1 75/100 guarantee policy	363,879	367,703	318,481	316,954	364,640	4,429	4,620	3,739	3,552	4,072
PS1 100/100 guarantee policy	17,421	27,803	12,810	6,240	5,917	210	346	149	69	66
PS2 75/75 guarantee policy	353,475	431,642	364,781	251,734	86,613	5,019	6,224	4,837	3,135	1,058
PS2 75/100 guarantee policy	177,359	220,392	188,870	214,869	192,741	2,518	3,178	2,505	2,676	2,353
PS2 100/100 guarantee policy	6,450	8,735	11,549	8,759	8,973	91	126	153	109	110
PS 75/75 guarantee policy	22,642	60,603	73,581	14,130	—	246	679	770	141	—
PS 75/100 guarantee policy	7,836	9,418	1,624	—	—	85	105	17	—	—
PPS 75/75 guarantee policy	131,753	125,652	101,882	78,328	—	1,460	1,428	1,076	784	—
PPS 75/100 guarantee policy	620	624	—	—	—	7	7	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	341.38	354.20	332.79	319.27	319.99	(12.82)	21.41
Individual Back-End Load (IB)	353.72	367.01	344.81	330.81	331.79	(13.29)	22.20
Managed Money (IC)	432.43	444.47	413.67	393.13	390.20	(12.04)	30.80
75/75 guarantee policy	13.07	13.56	12.74	12.22	12.26	(0.49)	0.82
75/100 guarantee policy	12.97	13.47	12.67	12.17	12.22	(0.50)	0.80
100/100 guarantee policy	12.80	13.33	12.57	12.10	12.17	(0.53)	0.76
PS1 75/75 guarantee policy	12.24	12.62	11.79	11.25	11.20	(0.38)	0.83
PS1 75/100 guarantee policy	12.17	12.56	11.74	11.21	11.17	(0.39)	0.82
PS1 100/100 guarantee policy	12.04	12.45	11.64	11.12	11.10	(0.41)	0.81
PS2 75/75 guarantee policy	14.20	14.42	13.26	12.45	12.21	(0.22)	1.16
PS2 75/100 guarantee policy	14.20	14.42	13.26	12.45	12.21	(0.22)	1.16
PS2 100/100 guarantee policy	14.20	14.42	13.26	12.45	12.21	(0.22)	1.16
PS 75/75 guarantee policy	10.86	11.20	10.47	9.99	—	(0.34)	0.73
PS 75/100 guarantee policy	10.82	11.17	10.45	—	—	(0.35)	0.72
PPS 75/75 guarantee policy	11.08	11.37	10.56	10.02	—	(0.29)	0.81
PPS 75/100 guarantee policy	11.06	11.35	—	—	—	(0.29)	0.80

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Fixed Income Portfolio Fund 9.15G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Fixed Income Portfolio Fund 9.15G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification.

Fixed Income Portfolio Fund 9.15G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.14	2.14	2.15	2.26	2.65
Individual Back-End Load (IB)	2.14	2.14	2.15	2.26	2.43
Managed Money (IC)	1.20	1.20	1.20	1.24	1.41
75/75 guarantee policy	2.14	2.14	2.15	2.26	2.42
75/100 guarantee policy	2.26	2.26	2.26	2.34	2.47
100/100 guarantee policy	2.52	2.52	2.53	2.53	2.51
PS1 75/75 guarantee policy	1.57	1.56	1.56	1.56	1.55
PS1 75/100 guarantee policy	1.62	1.62	1.62	1.62	1.60
PS1 100/100 guarantee policy	1.74	1.72	1.73	1.73	1.73
PS 75/75 guarantee policy	1.60	1.59	1.58	1.59	—
PS 75/100 guarantee policy	1.70	1.69	1.70	—	—
PPS 75/75 guarantee policy	1.01	1.01	1.00	1.00	—
PPS 75/100 guarantee policy	1.08	1.06	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	25.98	11.30	10.97	22.71	33.39

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
CONSERVATIVE INCOME PORTFOLIO FUND 15.04G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Conservative Income Portfolio Fund 15.04G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Conservative Income Portfolio Fund 15.04G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	25,977	35,034
Total investments	25,977	35,034
Total assets	\$ 25,977	\$ 35,034
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 25,977	\$ 35,034

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 412	\$ 2,659
Miscellaneous income (loss)	—	—
Total income	412	2,659
Expenses		
Management fees (note 8)	633	711
Other	63	65
Total expenses	696	776
Net increase (decrease) in net assets from operations attributable to contractholders	\$ (284)	\$ 1,883

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 35,034	\$ 33,672
Contractholder deposits	2,826	6,608
Contractholder withdrawals	(11,599)	(7,129)
Increase (decrease) in net assets from operations attributable to contractholders	(284)	1,883
Change in net assets attributable to contractholders	(9,057)	1,362
Net assets attributable to contractholders - end of year	\$ 25,977	\$ 35,034

Conservative Income Portfolio Fund 15.04G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ (284)	\$ 1,883
Adjustments		
Realized (gains) losses	(2,114)	(1,074)
Unrealized (gains) losses	1,702	(1,585)
Gross proceeds of disposition of investments	13,044	7,716
Gross payments for the purchase of investments	(3,575)	(6,419)
	<u>8,773</u>	<u>521</u>
Financing Activities		
Contractholder deposits	2,826	6,608
Contractholder withdrawals	(11,599)	(7,129)
	<u>(8,773)</u>	<u>(521)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Conservative Income Portfolio Fund 15.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	1,550	1,819
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Bond Fund 6.16L	3,275	3,767
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036	3.69%	
Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	3,815	4,416
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Real Estate Investment Fund No. 1	1,060	1,559
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Dividend Fund 8.01G	721	1,117
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	

Conservative Income Portfolio Fund 15.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Dividend Fund 18.59SAM	521	701
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	535	779
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Infrastructure Equity Fund 18.31L	559	701
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	
Global Unconstrained Fund 18.61MF	1,667	1,948
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Investment Fund No. 1	2,097	2,338
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Income Portfolio Fund 15.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Long Term Bond Fund 18.53PIM	1,127	1,299
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mortgage Investment Fund No. 1	2,924	3,377
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
North American Equity Fund 6.11B	320	338
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	
North American High Yield Bond Fund 18.54MF	813	1,039
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.04%	
Mackenzie Floating Rate Income Fund Series R *	3.72%	
Xtrackers USD High Yield Corporate Bond ETF	2.08%	
Mackenzie Global High Yield Fixed Income ETF *	1.87%	
Government of Russia 7.65% 04-10-2030	1.22%	

*The issuer of this security is a related company to the issuer of the Fund.

Conservative Income Portfolio Fund 15.04G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 18.52PIM	653	779
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	
Total Investments	21,637	25,977

Conservative Income Portfolio Fund 15.04G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	10,662	12,784	11,190	13,611	15,783	3,278	3,953	3,280	3,778	4,418
Individual Back-End Load (IB)	10,848	18,333	17,963	17,149	26,521	3,417	5,808	5,395	4,877	7,611
Managed Money (IC)	1,739	2,232	3,112	3,932	4,058	657	838	1,094	1,292	1,328
75/75 guarantee policy	417,355	510,625	553,217	552,987	582,426	6,220	7,655	7,862	7,443	7,910
75/100 guarantee policy	476,592	672,624	709,990	718,529	810,528	7,001	9,966	9,999	9,609	10,956
100/100 guarantee policy	15,895	21,361	17,044	23,494	24,644	229	310	236	309	328
PS1 75/75 guarantee policy	74,627	111,018	104,320	109,143	111,151	995	1,485	1,319	1,303	1,333
PS1 75/100 guarantee policy	211,520	235,755	226,317	174,125	167,117	2,792	3,125	2,837	2,063	1,992
PS1 100/100 guarantee policy	459	2,342	459	459	—	6	31	6	6	—
PS2 75/75 guarantee policy	68,982	85,593	84,633	90,467	81,284	1,125	1,371	1,255	1,240	1,097
PS2 75/100 guarantee policy	2,480	14,212	9,343	9,538	27,645	40	228	138	131	373
PS 75/75 guarantee policy	19,025	21,528	21,811	—	—	216	243	231	—	—
PPS 75/75 guarantee policy	64	1,840	1,849	—	—	1	21	20	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	307.42	309.23	293.14	277.59	279.92	(1.81)	16.09
Individual Back-End Load (IB)	314.97	316.82	300.34	284.41	286.99	(1.85)	16.48
Managed Money (IC)	377.92	375.36	351.39	328.60	327.32	2.56	23.97
75/75 guarantee policy	14.90	14.99	14.21	13.46	13.58	(0.09)	0.78
75/100 guarantee policy	14.69	14.82	14.08	13.37	13.52	(0.13)	0.74
100/100 guarantee policy	14.39	14.53	13.84	13.16	13.32	(0.14)	0.69
PS1 75/75 guarantee policy	13.34	13.38	12.65	11.94	12.00	(0.04)	0.73
PS1 75/100 guarantee policy	13.20	13.25	12.54	11.85	11.92	(0.05)	0.71
PS1 100/100 guarantee policy	13.06	13.13	12.43	11.76	—	(0.07)	0.70
PS2 75/75 guarantee policy	16.31	16.01	14.82	13.71	13.49	0.30	1.19
PS2 75/100 guarantee policy	16.30	16.01	14.82	13.71	13.49	0.29	1.19
PS 75/75 guarantee policy	11.36	11.30	10.60	—	—	0.06	0.70
PPS 75/75 guarantee policy	11.48	11.39	10.65	—	—	0.09	0.74

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Conservative Income Portfolio Fund 15.04G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Conservative Income Portfolio Fund 15.04G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 1,929	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	35	13
Purchases	—	—
Sales	—	—
Settlements	—	—
Transfers into Level 3	—	1,916
Transfers out of Level 3	(1,964)	—
Balance, end of year	\$ —	\$ 1,929
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 13

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$1,916 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$1,964 was transferred on April 19, 2021 from Level 3 to Level 2.

Conservative Income Portfolio Fund 15.04G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.40	2.38	2.39	2.51	2.82
Individual Back-End Load (IB)	2.41	2.39	2.38	2.51	2.60
Managed Money (IC)	1.14	1.13	1.13	1.25	1.45
75/75 guarantee policy	2.40	2.39	2.39	2.50	2.59
75/100 guarantee policy	2.68	2.66	2.66	2.66	2.65
100/100 guarantee policy	2.83	2.81	2.81	2.81	2.80
PS1 75/75 guarantee policy	2.11	2.08	2.08	2.08	2.08
PS1 75/100 guarantee policy	2.21	2.19	2.19	2.19	2.18
PS1 100/100 guarantee policy	2.33	2.29	2.29	2.30	—
PS 75/75 guarantee policy	1.30	1.29	1.28	—	—
PPS 75/75 guarantee policy	1.01	0.99	0.99	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	12.04	18.62	25.69	21.78	33.78

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
MODERATE INCOME PORTFOLIO FUND 15.05G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Moderate Income Portfolio Fund 15.05G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Moderate Income Portfolio Fund 15.05G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	29,763	33,256
Total investments	29,763	33,256
Total assets	\$ 29,763	\$ 33,256
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 29,763	\$ 33,256

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 1,445	\$ 2,218
Miscellaneous income (loss)	—	—
Total income	1,445	2,218
Expenses		
Management fees (note 8)	655	709
Other	70	74
Total expenses	725	783
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 720	\$ 1,435

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 33,256	\$ 37,122
Contractholder deposits	1,235	25
Contractholder withdrawals	(5,448)	(5,326)
Increase (decrease) in net assets from operations attributable to contractholders	720	1,435
Change in net assets attributable to contractholders	(3,493)	(3,866)
Net assets attributable to contractholders - end of year	\$ 29,763	\$ 33,256

Moderate Income Portfolio Fund 15.05G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 720	\$ 1,435
Adjustments		
Realized (gains) losses	(1,835)	(1,800)
Unrealized (gains) losses	390	(418)
Gross proceeds of disposition of investments	6,947	8,948
Gross payments for the purchase of investments	(2,009)	(2,864)
	<u>4,213</u>	<u>5,301</u>
Financing Activities		
Contractholder deposits	1,235	25
Contractholder withdrawals	(5,448)	(5,326)
	<u>(4,213)</u>	<u>(5,301)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Moderate Income Portfolio Fund 15.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	1,168	1,493
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Bond Fund 6.16L	3,243	4,030
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036	3.69%	
Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	3,820	4,775
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Investment Fund No. 3	583	1,033
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	
Canadian Real Estate Investment Fund No. 1	1,449	2,385
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	

Moderate Income Portfolio Fund 15.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Dividend Fund 8.01G	988	1,786
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Dividend Fund 18.59SAM	995	1,480
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	604	1,037
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Infrastructure Equity Fund 18.31L	1,026	1,486
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	
Global Unconstrained Fund 18.61MF	1,572	1,934
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Income Portfolio Fund 15.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Investment Fund No. 1	1,595	1,917
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
Long Term Bond Fund 18.53PIM	742	898
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mortgage Investment Fund No. 1	2,456	2,979
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
North American Equity Fund 6.11B	366	386
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
The Toronto-Dominion Bank	7.61%	
Royal Bank of Canada	4.66%	
Brookfield Asset Management Inc.	4.36%	
Canadian National Railway Co.	3.94%	
Rogers Communications Inc. Class B non-voting	3.60%	
North American High Yield Bond Fund 18.54MF	426	596
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	5.04%	
Mackenzie Floating Rate Income Fund Series R *	3.72%	
Xtrackers USD High Yield Corporate Bond ETF	2.08%	
Mackenzie Global High Yield Fixed Income ETF *	1.87%	
Government of Russia 7.65% 04-10-2030	1.22%	

*The issuer of this security is a related company to the issuer of the Fund.

Moderate Income Portfolio Fund 15.05G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Real Return Bond Fund 18.52PIM	610	749
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Government of Canada 4.00% 12-01-2031 Real Return	15.14%	
Government of Canada 1.50% 12-01-2044 Real Return	14.12%	
Government of Canada 3.00% 12-01-2036 Real Return	13.47%	
Government of Canada 1.25% 12-01-2047 Real Return	13.10%	
Government of Canada 2.00% 12-01-2041 Real Return	12.84%	
U.S. Value Fund 15.01L	486	799
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	22,129	29,763

Moderate Income Portfolio Fund 15.05G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	15,700	17,211	20,886	26,568	34,278	5,230	5,608	6,516	7,762	10,159
Individual Back-End Load (IB)	11,511	14,068	17,795	20,686	25,588	3,926	4,694	5,685	6,188	7,772
Managed Money (IC)	1,229	1,521	1,791	2,047	2,563	507	606	675	713	894
75/75 guarantee policy	427,967	483,725	562,945	606,835	610,524	7,003	7,743	8,628	8,709	8,895
75/100 guarantee policy	421,442	461,789	521,118	585,209	663,214	6,787	7,296	7,905	8,335	9,605
100/100 guarantee policy	8,226	9,862	13,271	14,059	16,427	130	153	198	197	235
PS1 75/75 guarantee policy	133,722	186,887	183,524	169,907	150,625	1,954	2,663	2,497	2,158	1,933
PS1 75/100 guarantee policy	143,859	155,787	186,275	161,704	157,129	2,079	2,199	2,513	2,038	2,004
PS1 100/100 guarantee policy	9,127	9,167	18,037	18,077	27,160	130	128	240	225	343
PS2 75/75 guarantee policy	101,611	118,300	130,465	179,420	153,814	1,827	2,030	2,091	2,628	2,228
PS2 75/100 guarantee policy	7,815	7,911	10,831	23,107	14,207	140	136	174	338	206
PS 75/75 guarantee policy	767	—	—	217	—	8	—	—	2	—
PPS 75/75 guarantee policy	3,567	—	—	—	—	42	—	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	333.10	325.87	312.01	292.14	296.38	7.23	13.86
Individual Back-End Load (IB)	341.09	333.68	319.49	299.15	303.71	7.41	14.19
Managed Money (IC)	412.44	398.38	376.62	348.20	348.78	14.06	21.76
75/75 guarantee policy	16.36	16.01	15.33	14.35	14.57	0.35	0.68
75/100 guarantee policy	16.11	15.80	15.17	14.24	14.48	0.31	0.63
100/100 guarantee policy	15.76	15.49	14.91	14.03	14.29	0.27	0.58
PS1 75/75 guarantee policy	14.61	14.25	13.60	12.70	12.83	0.36	0.65
PS1 75/100 guarantee policy	14.46	14.12	13.49	12.61	12.75	0.34	0.63
PS1 100/100 guarantee policy	14.23	13.91	13.32	12.47	12.64	0.32	0.59
PS2 75/75 guarantee policy	17.98	17.16	16.03	14.65	14.49	0.82	1.13
PS2 75/100 guarantee policy	17.98	17.16	16.03	14.65	14.48	0.82	1.13
PS 75/75 guarantee policy	9.80	9.37	10.25	9.88	—	0.43	(0.88)
PPS 75/75 guarantee policy	11.73	—	—	—	—	0.42	—

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Moderate Income Portfolio Fund 15.05G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Moderate Income Portfolio Fund 15.05G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 2,650	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	49	18
Purchases	—	—
Sales	—	(75)
Settlements	—	—
Transfers into Level 3	—	2,707
Transfers out of Level 3	(2,699)	—
Balance, end of year	\$ —	\$ 2,650
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 18

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$2,707 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$2,699 was transferred on April 19, 2021 from Level 3 to Level 2.

Moderate Income Portfolio Fund 15.05G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.47	2.47	2.46	2.64	2.98
Individual Back-End Load (IB)	2.47	2.47	2.46	2.63	2.76
Managed Money (IC)	1.20	1.20	1.19	1.32	1.53
75/75 guarantee policy	2.47	2.47	2.46	2.62	2.75
75/100 guarantee policy	2.75	2.74	2.74	2.78	2.80
100/100 guarantee policy	2.96	2.95	2.95	2.96	2.96
PS1 75/75 guarantee policy	2.18	2.16	2.16	2.17	2.16
PS1 75/100 guarantee policy	2.28	2.27	2.27	2.28	2.28
PS1 100/100 guarantee policy	2.45	2.45	2.43	2.45	2.45
PS 75/75 guarantee policy	1.36	—	—	1.35	—
PPS 75/75 guarantee policy	1.07	—	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	6.38	8.43	7.61	10.15	15.83

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

**THE CANADA LIFE ASSURANCE COMPANY
BALANCED INCOME PORTFOLIO FUND 15.06G**

December 31, 2021

Independent Auditor's Report

To the Contractholders of Balanced Income Portfolio Fund 15.06G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Balanced Income Portfolio Fund 15.06G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	43,042	48,263
Total investments	43,042	48,263
Total assets	\$ 43,042	\$ 48,263
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 43,042	\$ 48,263

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 3,643	\$ 2,455
Miscellaneous income (loss)	—	—
Total income	3,643	2,455
Expenses		
Management fees (note 8)	993	1,096
Other	97	106
Total expenses	1,090	1,202
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 2,553	\$ 1,253

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 48,263	\$ 53,206
Contractholder deposits	1,297	79
Contractholder withdrawals	(9,071)	(6,275)
Increase (decrease) in net assets from operations attributable to contractholders	2,553	1,253
Change in net assets attributable to contractholders	(5,221)	(4,943)
Net assets attributable to contractholders - end of year	\$ 43,042	\$ 48,263

Balanced Income Portfolio Fund 15.06G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 2,553	\$ 1,253
Adjustments		
Realized (gains) losses	(3,557)	(3,036)
Unrealized (gains) losses	(86)	581
Gross proceeds of disposition of investments	12,532	12,874
Gross payments for the purchase of investments	(3,668)	(5,476)
	<u>7,774</u>	<u>6,196</u>
Financing Activities		
Contractholder deposits	1,297	79
Contractholder withdrawals	(9,071)	(6,275)
	<u>(7,774)</u>	<u>(6,196)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Balanced Income Portfolio Fund 15.06G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	1,381	1,719
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Bond Fund 6.16L	3,172	3,872
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036		
Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	4,568	5,588
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	893	1,503
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	1,698	3,002
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	

Balanced Income Portfolio Fund 15.06G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Canadian Real Estate Investment Fund No. 1	2,582	4,335
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Dividend Fund 8.01G	1,821	3,246
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Dividend Fund 18.59SAM	2,075	3,019
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	1,690	3,013
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Infrastructure Equity Fund 18.31L	2,115	3,024
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	

Balanced Income Portfolio Fund 15.06G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Global Unconstrained Fund 18.61MF	1,405	1,715
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	4.20%	
Mackenzie Canadian All Corporate Bond Index ETF *	3.62%	
Mackenzie Emerging Markets Local Currency Bond Index ETF *	3.16%	
People's Republic of China 3.13% 11-21-2029	2.71%	
People's Republic of China 1.99% 04-09-2025	2.41%	
International Bond Investment Fund No. 1	1,797	2,121
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
Long Term Bond Fund 18.53PIM	1,106	1,299
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 2.00% 12-01-2051	2.80%	
Province of Ontario 3.45% 06-02-2045	2.74%	
Province of Ontario 2.80% 06-02-2048	2.58%	
Province of Ontario 2.90% 06-02-2049	2.57%	
Province of Ontario 3.50% 06-02-2043	2.36%	
Mortgage Investment Fund No. 1	2,519	3,000
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	

*The issuer of this security is a related company to the issuer of the Fund.

Balanced Income Portfolio Fund 15.06G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
U.S. Value Fund 15.01L	1,668	2,586
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	30,490	43,042

Balanced Income Portfolio Fund 15.06G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	7,870	9,911	11,733	14,491	21,560	2,751	3,275	3,768	4,285	6,504
Individual Back-End Load (IB)	18,375	21,386	24,783	24,548	32,379	6,583	7,242	8,156	7,439	10,019
Managed Money (IC)	1,976	2,634	2,993	3,443	4,032	867	1,079	1,176	1,230	1,451
75/75 guarantee policy	402,807	447,057	532,067	546,714	627,780	7,322	7,682	8,886	8,408	9,857
75/100 guarantee policy	781,042	981,992	1,073,603	1,122,251	1,214,659	13,997	16,680	17,773	17,154	18,986
100/100 guarantee policy	50,994	60,728	67,335	74,968	81,581	891	1,008	1,093	1,126	1,256
PS1 75/75 guarantee policy	138,887	183,312	213,503	191,354	218,335	2,287	2,845	3,210	2,642	3,063
PS1 75/100 guarantee policy	206,282	236,124	298,252	261,479	250,527	3,361	3,630	4,447	3,583	3,493
PS1 100/100 guarantee policy	46,483	47,636	52,283	45,793	48,489	745	722	770	621	670
PS2 75/75 guarantee policy	73,026	79,638	84,891	75,324	81,999	1,494	1,502	1,517	1,208	1,306
PS2 75/100 guarantee policy	41,428	42,922	37,693	39,089	38,483	848	809	673	627	613
PS 75/100 guarantee policy	160,634	161,722	162,831	—	—	1,896	1,789	1,737	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	349.54	330.41	321.12	295.69	301.69	19.13	9.29
Individual Back-End Load (IB)	358.24	338.63	329.11	303.06	309.42	19.61	9.52
Managed Money (IC)	438.77	409.55	393.05	357.38	359.83	29.22	16.50
75/75 guarantee policy	18.18	17.18	16.70	15.38	15.70	1.00	0.48
75/100 guarantee policy	17.92	16.99	16.55	15.29	15.63	0.93	0.44
100/100 guarantee policy	17.48	16.61	16.23	15.02	15.40	0.87	0.38
PS1 75/75 guarantee policy	16.47	15.52	15.04	13.80	14.03	0.95	0.48
PS1 75/100 guarantee policy	16.29	15.37	14.91	13.70	13.94	0.92	0.46
PS1 100/100 guarantee policy	16.04	15.15	14.72	13.56	13.81	0.89	0.43
PS2 75/75 guarantee policy	20.47	18.86	17.87	16.04	15.93	1.61	0.99
PS2 75/100 guarantee policy	20.47	18.86	17.87	16.04	15.93	1.61	0.99
PS 75/100 guarantee policy	11.80	11.06	10.66	—	—	0.74	0.40

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Balanced Income Portfolio Fund 15.06G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Balanced Income Portfolio Fund 15.06G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 4,881	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	90	33
Purchases	—	—
Sales	—	(118)
Settlements	—	—
Transfers into Level 3	—	4,966
Transfers out of Level 3	(4,971)	—
Balance, end of year	\$ —	\$ 4,881
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 33

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$4,966 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$4,971 was transferred on April 19, 2021 from Level 3 to Level 2.

Balanced Income Portfolio Fund 15.06G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.56	2.56	2.56	2.78	3.13
Individual Back-End Load (IB)	2.56	2.56	2.56	2.76	2.91
Managed Money (IC)	1.30	1.30	1.29	1.39	1.58
75/75 guarantee policy	2.56	2.56	2.56	2.75	2.91
75/100 guarantee policy	2.84	2.84	2.84	2.91	2.95
100/100 guarantee policy	3.10	3.10	3.10	3.12	3.12
PS1 75/75 guarantee policy	2.27	2.26	2.26	2.27	2.27
PS1 75/100 guarantee policy	2.38	2.37	2.37	2.38	2.38
PS1 100/100 guarantee policy	2.54	2.53	2.54	2.55	2.55
PS 75/100 guarantee policy	1.74	1.74	1.73	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	8.40	10.94	14.10	7.26	12.85

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Financial Statements of

THE CANADA LIFE ASSURANCE COMPANY
ADVANCED INCOME PORTFOLIO FUND 15.07G

December 31, 2021

Independent Auditor's Report

To the Contractholders of Advanced Income Portfolio Fund 15.07G (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

Advanced Income Portfolio Fund 15.07G

(in Canadian \$ thousands)

Fund Manager: Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.

Statement of Financial Position

	December 31 2021	December 31 2020
Assets		
Cash and short-term deposits	\$ —	\$ —
Investment income due and accrued	—	—
Due from The Canada Life Assurance Company (note 8)	—	—
Due from brokers	—	—
Due from outside parties	—	—
Investments		
Investment fund units (note 3)	7,618	6,903
Total investments	7,618	6,903
Total assets	\$ 7,618	\$ 6,903
Liabilities		
Overdrafts	\$ —	\$ —
Due to The Canada Life Assurance Company (note 8)	—	—
Due to brokers	—	—
Due to outside parties	—	—
Total liabilities excluding net assets attributable to contractholders	—	—
Net assets attributable to contractholders	\$ 7,618	\$ 6,903

Statement of Comprehensive Income

For the years ended	December 31 2021	December 31 2020
Income		
Net gain (loss) on investments	\$ 867	\$ 320
Miscellaneous income (loss)	—	—
Total income	867	320
Expenses		
Management fees (note 8)	147	161
Other	13	14
Total expenses	160	175
Net increase (decrease) in net assets from operations attributable to contractholders	\$ 707	\$ 145

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended	December 31 2021	December 31 2020
Net assets attributable to contractholders - beginning of year	\$ 6,903	\$ 8,598
Contractholder deposits	1,149	224
Contractholder withdrawals	(1,141)	(2,064)
Increase (decrease) in net assets from operations attributable to contractholders	707	145
Change in net assets attributable to contractholders	715	(1,695)
Net assets attributable to contractholders - end of year	\$ 7,618	\$ 6,903

Advanced Income Portfolio Fund 15.07G

(in Canadian \$ thousands)

Statement of Cash Flows

For the years ended December 31

	<u>2021</u>	<u>2020</u>
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	\$ 707	\$ 145
Adjustments		
Realized (gains) losses	(459)	(504)
Unrealized (gains) losses	(408)	184
Gross proceeds of disposition of investments	1,789	2,259
Gross payments for the purchase of investments	(1,637)	(244)
	<u>(8)</u>	<u>1,840</u>
Financing Activities		
Contractholder deposits	1,149	224
Contractholder withdrawals	(1,141)	(2,064)
	<u>8</u>	<u>(1,840)</u>
Net increase (decrease) in cash, short-term deposits and overdrafts	—	—
Cash, short-term deposits and overdrafts, beginning of year	—	—
Cash, short-term deposits and overdrafts, end of year	<u>\$ —</u>	<u>\$ —</u>

Advanced Income Portfolio Fund 15.07G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units		
Bond Fund 18.18MF	256	304
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.07%	
Government of Canada 0.50% 11-01-2023	3.78%	
Canada Housing Trust No. 1 Floating Rate 09-15-2026	3.74%	
Province of Quebec 3.10% 12-01-2051	2.98%	
Government of Canada 1.00% 09-01-2026	2.70%	
Bond Fund 6.16L	262	304
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	4.96%	
Canada Housing Trust No. 1 Floating Rate 03-15-2026	4.70%	
Government of Canada 3.00% 12-01-2036 Real Return	3.69%	
Province of Quebec 1.50% 09-01-2031	2.25%	
Province of Quebec 3.10% 12-01-2051	2.10%	
Canadian Bond Investment Fund No. 1	521	608
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Government of Canada 1.00% 09-01-2026	5.84%	
Canada Housing Trust No. 1 Floating Rate 03-15-2024	4.83%	
Province of Ontario 2.25% 12-02-2031	4.12%	
Province of Quebec 3.10% 12-01-2051	3.29%	
Government of Canada 0.75% 10-01-2024	1.93%	
Canadian Equity Fund 18.19LAK	260	420
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.99%	
The Toronto-Dominion Bank	7.73%	
Brookfield Asset Management Inc.	6.44%	
Shopify Inc. [CAD]	5.18%	
Canadian Pacific Railway Ltd.	5.10%	
Canadian Equity Investment Fund No. 3	347	573
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	8.40%	
The Toronto-Dominion Bank	6.97%	
Bank of Montreal	5.22%	
Brookfield Asset Management Inc.	4.22%	
Canadian Pacific Railway Ltd.	4.02%	

Advanced Income Portfolio Fund 15.07G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
Canadian Real Estate Investment Fund No. 1	513	765
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	5.51%	
Laird Business Park	4.83%	
High Park Village	4.16%	
Livmore High Park	4.09%	
Grenadier Square	3.31%	
Dividend Fund 8.01G	401	650
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Royal Bank of Canada	7.19%	
The Toronto-Dominion Bank	6.38%	
The Bank of Nova Scotia	4.84%	
Brookfield Asset Management Inc.	4.36%	
Enbridge Inc. [CAD]	3.63%	
Global Dividend Fund 18.59SAM	515	725
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
The Procter & Gamble Co.	4.11%	
Sampo OYJ A	3.84%	
Johnson & Johnson Inc.	3.49%	
Nestle SA	3.49%	
GlaxoSmithKline PLC	3.45%	
Global Fund 9.06SC	556	874
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Cash and short-term deposits	9.51%	
Reckitt Benckiser Group PLC	3.43%	
The Procter & Gamble Co.	3.25%	
Admiral Group PLC	3.20%	
Danaher Corp.	3.04%	
Global Infrastructure Equity Fund 18.31L	449	610
<i>Top 5 Holdings:</i>	<i>% of Total</i>	
Duke Energy Corp.	5.27%	
NextEra Energy Inc.	4.42%	
Transurban Group Stapled Security	4.15%	
DTE Energy Co.	3.25%	
Sydney Airport Authority Unit	3.08%	

Advanced Income Portfolio Fund 15.07G

Schedule of Investment Portfolio

(in Canadian \$ thousands)

As at December 31, 2021

	<u>Average Cost</u>	<u>Fair Value</u>
Investment Fund Units (continued)		
International Bond Investment Fund No. 1	262	300
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
International Bank for Reconstruction and Development 0.25% 11-24-2023	6.04%	
Kreditanstalt fuer Wiederaufbau 0.25% 10-19-2023	5.60%	
European Investment Bank 0.25% 09-15-2023	5.60%	
Korea Treasury 2.00% 06-10-2031	5.37%	
Federal Home Loan Banks 0.125% 03-17-2023	4.99%	
Mid Cap Canada Fund 8.02G	211	343
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Kinaxis Inc.	5.51%	
Aritzia Inc.	4.52%	
Tecsys Inc.	3.98%	
Hardwoods Distribution Inc.	3.95%	
Boralex Inc. Class A	3.53%	
Mortgage Investment Fund No. 1	329	379
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Cash and short-term deposits	9.45%	
2615985 Ontario Inc.	4.09%	
Royal Centre	3.15%	
Government of Canada 1.50% 06-01-2026	2.70%	
Place Rosemere Inc.	2.54%	
U.S. Equity Investment Fund No. 3	351	458
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Microsoft Corp.	5.90%	
Accenture PLC Class A	5.43%	
Keysight Technologies Inc.	4.70%	
Aon Corp.	4.41%	
Danaher Corp.	4.40%	
U.S. Value Fund 15.01L	224	305
<u>Top 5 Holdings:</u>	<u>% of Total</u>	
Exxon Mobil Corp.	2.28%	
UnitedHealth Group Inc.	2.20%	
Bank of America Corp.	1.85%	
Visa Inc. Class A	1.81%	
Walmart Inc.	1.77%	
Total Investments	5,457	7,618

Advanced Income Portfolio Fund 15.07G

(in Canadian \$, except number of units outstanding)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Net Assets Attributable to Contractholders by Category

For the years ended December 31

	Number of units outstanding					Net asset value (in \$ thousands)				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Individual No-Load (IA)	4,781	4,696	7,017	6,858	5,877	1,736	1,547	2,252	1,994	1,777
Individual Back-End Load (IB)	4,485	4,758	5,331	6,786	6,952	1,671	1,608	1,755	2,024	2,159
Managed Money (IC)	225	187	273	305	687	103	77	108	108	249
75/75 guarantee policy	39,623	44,693	51,812	77,925	85,689	793	811	917	1,249	1,429
75/100 guarantee policy	31,153	44,477	58,061	63,869	62,334	614	797	1,017	1,016	1,034
100/100 guarantee policy	1,923	2,089	1,855	4,150	4,209	36	36	31	63	68
PS1 75/75 guarantee policy	46,570	48,386	62,175	63,964	79,204	867	815	1,018	946	1,214
PS1 75/100 guarantee policy	13,025	20,536	21,515	16,725	6,915	240	343	349	245	105
PS1 100/100 guarantee policy	564	617	675	740	813	10	10	11	11	12
PS2 75/75 guarantee policy	43,379	26,210	41,904	32,487	29,726	1,019	544	825	564	522
PS2 75/100 guarantee policy	1,579	1,679	11,450	28,272	53,116	37	35	225	491	933
PS 75/75 guarantee policy	—	8,422	8,467	—	—	—	93	90	—	—
PPS 75/75 guarantee policy	39,637	16,840	—	—	—	492	187	—	—	—

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit (\$)					Increase (decrease) per unit (\$)	
	2021	2020	2019	2018	2017	2021	2020
Individual No-Load (IA)	363.17	329.46	320.96	290.71	302.41	33.71	8.50
Individual Back-End Load (IB)	372.63	338.03	329.31	298.27	310.49	34.60	8.72
Managed Money (IC)	458.21	410.50	394.95	353.27	362.55	47.71	15.55
75/75 guarantee policy	20.02	18.16	17.69	16.02	16.68	1.86	0.47
75/100 guarantee policy	19.71	17.92	17.51	15.90	16.58	1.79	0.41
100/100 guarantee policy	18.73	17.10	16.77	15.29	16.01	1.63	0.33
PS1 75/75 guarantee policy	18.61	16.84	16.37	14.79	15.33	1.77	0.47
PS1 75/100 guarantee policy	18.42	16.69	16.23	14.68	15.24	1.73	0.46
PS1 100/100 guarantee policy	17.94	16.29	15.89	14.41	15.00	1.65	0.40
PS2 75/75 guarantee policy	23.48	20.75	19.69	17.37	17.57	2.73	1.06
PS2 75/100 guarantee policy	23.48	20.75	19.69	17.37	17.57	2.73	1.06
PS 75/75 guarantee policy	—	11.03	10.63	—	—	—	0.40
PPS 75/75 guarantee policy	12.40	11.10	—	—	—	1.30	0.43

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

1. THE FUND

The Advanced Income Portfolio Fund 15.07G (the Fund) is offered by The Canada Life Assurance Company (Canada Life or the Company).

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2021. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

a) Changes in Accounting Policies

The Fund adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*, effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

b) Use of Estimates, Significant Accounting Judgments and Assumptions

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Fair Value Measurement and Classification

The fair value of financial assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access. Assets and liabilities utilizing Level 1 inputs include equity securities that are actively traded on an exchange, exchange-traded futures and underlying mutual funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, and generally include some private bonds and equities, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds and private investments.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values of financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 3 financial instruments are reviewed on a periodic basis by the Company. The Company considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Company estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in note 9 on Financial Instrument Risk Management.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

d) Investment Fund Units

Investment fund units are recorded at fair value, which is the closing net asset value (NAV) per unit of the underlying fund.

e) Cash, Short-term Deposits and Overdrafts

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than three months at acquisition. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

f) Classification of Units Issued by the Fund

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Recognition of Investments and Income

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Realized gains (losses) on investments - recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments - calculated as the in-year change in fair value of the investment and determined using the average cost basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

h) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Amounts Due to/from Broker

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

j) Amounts Due to/from Outside Parties

Amounts due to outside parties are payables to parties other than related parties of the Fund.

Amounts due from outside parties are receivables due from parties other than related parties of the Fund.

Amounts due to/from outside parties are held at fair value which approximates their cost.

k) Other Expenses

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

l) Income Allocation

Net gain (loss) on investments, which includes realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the NAV per unit.

m) Issue and Redemption of Units

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

3. INVESTMENT FUND UNITS

Investment fund units of the Fund invest solely in units of other segregated investment funds of Canada Life. Units are valued based on the closing unit values of the underlying funds.

Investment activity of the underlying fund indirectly exposes the Fund to financial risk. See note 9 on Financial Instrument Risk Management.

4. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

The categories of units are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

5. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

6. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

7. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

8. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party ⁽¹⁾	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

⁽¹⁾ On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

- a) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.
- b) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.
- c) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.
- d) The Fund invests in assets or underlying funds managed by Canada Life Investment Management Ltd. All investment transactions with the corresponding underlying funds are at quoted market prices.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT

a) Risk Management

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2021. The following sections describe the significant risks that are relevant to the Fund.

The Fund employs a passive investment strategy whereby investments in underlying funds are based on target asset weightings. The target weightings allocated to each underlying fund and the selection of underlying funds are based on several factors, including impact to the Fund's volatility and asset class diversification. Significant changes to the selection of underlying funds or the target asset weightings attributed to each underlying fund require contractholder notification. To assist with managing risk, the Fund Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations. Financial statements for the underlying funds, which include discussions about their respective risk exposure, are available upon request.

b) Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the underlying funds, liquidity risk is mitigated by the underlying funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units/shares. In addition, the underlying funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

c) Currency Risk

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to currency risk to the extent that the investments of the underlying funds are denominated or traded in a foreign currency.

d) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

e) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no direct exposure to credit risk. The greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at December 31, 2021.

f) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate, currency or credit risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Fund Manager moderates this risk through a careful selection of underlying funds within the parameters of the investment strategy.

Advanced Income Portfolio Fund 15.07G

Notes to the Financial Statements

(in Canadian \$ thousands)

9. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

g) Fair Value Classification

Investment Fund Units are recorded at fair value, which is the closing NAV per unit of the underlying fund. This valuation is considered to be a Level 2 classification. All Investment Fund Units held by the Fund are classified as Level 2, except for the Fund's investment in the real estate fund: "Canadian Real Estate Investment Fund No. 1", which was classified as Level 3 due to transaction restrictions at December 31, 2020.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and classified as Level 3:

	2021	2020
Balance, beginning of year	\$ 773	\$ —
Total gain (loss) included in net assets from operations attributable to contractholders	14	5
Purchases	—	—
Sales	—	(1)
Settlements	—	—
Transfers into Level 3	—	769
Transfers out of Level 3	(787)	—
Balance, end of year	\$ —	\$ 773
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	\$ —	\$ 5

On March 20, 2020, Canada Life temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, its Canadian real estate investment funds as the COVID-19 pandemic impacted the global property market and made it difficult to value the properties with the same degree of certainty as usual. As a result of these restrictions, the Fund's investment in the real estate fund with a fair value of \$769 was transferred on March 20, 2020 from Level 2 to Level 3.

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Fund's investment in the real estate fund with a fair value of \$787 was transferred on April 19, 2021 from Level 3 to Level 2.

Advanced Income Portfolio Fund 15.07G

Supplemental Information (unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) ⁽¹⁾

For the years ended December 31	2021	2020	2019	2018	2017
Individual No-Load (IA)	2.65	2.65	2.65	2.85	3.24
Individual Back-End Load (IB)	2.65	2.65	2.65	2.86	3.00
Managed Money (IC)	1.40	1.40	1.39	1.50	1.63
75/75 guarantee policy	2.65	2.65	2.65	2.87	3.01
75/100 guarantee policy	2.93	2.92	2.92	3.04	3.10
100/100 guarantee policy	3.30	3.30	3.31	3.42	3.48
PS1 75/75 guarantee policy	2.41	2.40	2.40	2.44	2.42
PS1 75/100 guarantee policy	2.52	2.51	2.51	2.53	2.53
PS1 100/100 guarantee policy	2.79	2.77	2.77	2.83	2.83
PS 75/75 guarantee policy	—	1.56	1.56	—	—
PPS 75/75 guarantee policy	1.31	1.29	—	—	—

Portfolio Turnover Rate (%) ⁽²⁾

For the years ended December 31	2021	2020	2019	2018	2017
Portfolio Turnover Rate	23.10	3.29	8.84	27.39	22.96

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.