Canada Life investment plans

Originally with Great-West Life

Managed-Money program

Information folder May 2025

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The Canada Life Assurance Company is the sole issuer of the individual variable annuity policy described in this information folder. This information folder is not an insurance or annuity contract.

This information folder is not complete without the applicable fund facts booklet. Both the information folder and fund facts booklet must be received.

Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.

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This information folder is not an insurance contract. The information in this folder is subject to change from time to time. If there is a difference between this information folder and your contract, your contract will apply.

In this information folder, “you” and “your” mean the policyowner of a Canada Life investment plan. “We,” “us,” “our” and “Canada Life” means The Canada Life Assurance Company.

About Canada Life

The Canada Life Assurance Company, a subsidiary of Great-West Lifeco Inc. and a member of the Power Corporation group of companies, provides insurance and wealth management products and services. Founded in 1847, Canada Life is the country’s first domestic life insurance company.

The terms and conditions of the policies issued by Canada Life and the distribution of the policies are governed by the insurance acts of the provinces and territories in Canada where Canada Life carries on business.

Canada Life’s administrative offices are located at:

London

255 Dufferin Ave
London ON N6A 4K1

Montréal

1110-1350 René-Lévesque Blvd W
Montréal QC H3G 1T4

Canada Life’s head office is located at:

Winnipeg

100 Osborne St N
Winnipeg MB R3C 3A5

Certification

This information folder contains brief and plain disclosure of all material facts relating to the investment fund option available in the Flexible Accumulation Annuity or Flexible Income Fund managed-money program investment plans offered under this folder and issued by The Canada Life Assurance Company.

March 25, 2025

Fabrice Morin
President and Chief Operating Officer, Canada

Colleen Myers
Senior Vice-President Legal Canadian Operations, Canada

Key facts about the Canada Life Flexible Accumulation Annuity and Flexible Income Fund managed-money program investment plans and investment funds offered under this information folder

This summary provides a brief description of the basic things you should know before you apply for this individual variable insurance contract. This summary is not your contract. A full description of all the features and how they work is contained in this information folder and your contract. You should review these documents and discuss any questions you have with your financial security advisor.

What am I getting?

You are getting an insurance contract between you and The Canada Life Assurance Company. It gives you a choice of investment funds (also known as segregated funds) and provides certain guarantees.

You can:

- Pick a registered or non-registered contract
- Choose one or more investment funds
- Name a person to receive the death benefit
- Withdraw money from your contract
- Receive regular payments now or later

The choices you make may affect your taxes, see the section *Your income tax considerations.* They could also affect the guarantees, see the section *Examples of how redeeming units affects the basic amount and reduces the guaranteed value*. Ask your financial security advisor to help you make these choices.

The value of your contract can go up or down subject to the guarantees.

What guarantees are available?

A death benefit guarantee applies and you may get a maturity guarantee. These help protect your fund investments. For details about the guarantees, see the *Basic guaranteed benefits* section.

You pay fees for this protection. The fees are included in the management expense ratio which is described in the *Fees and expenses* section.

Any withdrawals you make will reduce the guarantees. For full details please see the *Basic guaranteed benefits section*.

Maturity guarantee

This protects the value of your investment at a specific date in the future, which is called the maturity date. This date is explained in the *When your plan matures* section.

On this date, you will receive the greater of:

- The market value of the funds, or
- 75 per cent of the money you put in the funds

Death benefit guarantee

This protects the value of your investment if the insured person dies. It is paid to someone you name.

The death benefit applies if the insured person dies before the maturity date. It pays the greater of:

- The market value of the funds, or
- 75 per cent of the money you put in the funds

What investments are available?

You can invest in the investment funds described in the *Fund Facts* booklet which is provided with this information folder.

Other than any maturity and death benefit guarantees, Canada Life does not guarantee the performance of the investment funds. Carefully consider your tolerance for risk when you select a fund.

How much will this cost?

The investment funds you select affect your costs. The investment funds are available on a no-load basis, but subject to an advisory and management service fee that you negotiate with your financial security advisor. For full details, see the section *Managed-money program* and the *Fund Facts* for each fund which are found in the *Fund Facts* booklet provided with this information folder.

Fees and expenses are deducted from the investment funds. They are shown as management expense ratios or MERs on the *Fund Facts* for each fund.

If you make certain transactions or other requests, you may be charged separately for them and this includes a short-term trading fee.

For full details, see the section *Fees and expenses* and the *Fund Facts* for each fund which can be found in the *Fund Facts* booklet.

What can I do after I purchase this contract?

If you wish, you can do any of the following:

Exchanges

You may exchange from one fund to another. See the section *How to exchange investment fund units.*

Withdrawals

You can withdraw money from your contract. If you decide to, this will affect your guarantees. You may also need to pay a fee or taxes. See the section *How to redeem investment fund units.*

Premiums

You may make lump-sum or regular payments. See the section *How to allocate your premium to investment fund units.*

Regular payments

At a certain time, unless you select another option, we will start making payments to you. See the section *When your plan matures.*

Certain restrictions and other conditions may apply. Review the contract for your rights and obligations and discuss any questions with your financial security advisor.

What information will I receive about my contract?

We will tell you at least once a year the value of your investments and any transactions you have made during the year.

You may request more detailed financial statements for the funds. These are updated at certain times during the year.

For full details, see the section *Administration of the investments funds.*

Can I change my mind?

Yes, you can:

- Cancel the contract
- Cancel any additional lump-sum premiums you make
- Cancel the initial automatic monthly premium

To do any of these, you must tell us in writing within two business days of the earlier of:

- The day you receive the confirmation of your transaction, or
- Five business days after we mail the confirmation to you

The amount returned will be the lesser of the amount you invested or the value of the applicable units you acquired on the day we process your request. The amount returned will include a refund or any sales charge or other fees you paid. The transaction may generate a taxable result and you are responsible for any income tax reporting and payment that may be required as result of any transaction.

If you change your mind about a specific additional premium, the right to cancel only applies to that transaction.

Where can I get more information?

You may call us at 1-888-252-1847 or send us an email. To send an email please go to our website and then to the "**Contact Us**" section. Information about our company and the products and services we provide is on our website at **canadalife.com**.

For information about handling issues that you are unable to resolve with your insurer, contact the OmbudService for Life and Health Insurance at 1-888-292-8112 or on the Internet at **olhi.ca**. Additionally, if you are a resident of Quebec contact the Information Centre of the Autorité des marchés financiers (AMF) at 1-877-525-0337 or at **lautorite.qc.ca**.

For information about additional protection available for all life insurance policyowners, contact Assuris, a company established by the Canadian life insurance industry. See **assuris.ca** for details.

For information about how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at **ccir-ccrra.org**.

Table of contents

How a Canada Life segregated funds policy works

Introduction

The Canada Life Flexible Accumulation Annuity or Flexible Income Fund managed-money program plan is an individual variable insurance contract based on the life of the insured person, also known as the annuitant that you name on the application form.

There are three types of plans available:

- Non-registered
- Registered retirement savings plan (RRSP)
- Registered retirement income fund (RRIF)

Locked-in RRSPs, locked-in retirement accounts (LIRAs), restricted locked-in savings plans (RLSPs) are three specific types of RRSPs. You can only open locked-in RRSPs, LIRAs and RLSPs with money transferred directly from pension plans, if allowed by federal or provincial pension laws; pension laws place certain restrictions on them.

Since otherwise all RRSPs work the same way, whether or not they are locked-in RRSPs, LIRAs or RLSPs, we'll simply refer to them as RRSPs throughout the rest of this information folder.

Prescribed retirement income fund (PRIF), locked-in retirement income funds (LRIFs), life income funds (LIFs) and restricted life income funds are four specific types of RRIFs. Unless, we say otherwise, when we refer to features of a RRIF, they also apply to a PRIF, LIF, LRIF and RLIF.

Each type of plan allows you, as the policyowner, to allocate premiums to a daily interest account, guaranteed interest options and investment funds.

This information folder describes the investment funds available and the maturity and death benefit guarantees that come with them. For more information about guaranteed interest options, please contact your Canada Life financial security advisor.

Your plan is a deferred annuity, which means at maturity annuity payments will commence, unless you choose otherwise. For more information, see *When your plan matures*.

This document is divided into two parts. The first part contains general information that applies to all investment plans. The second part provides specific information about the investment funds.

A glossary of terms is located at the back of this information folder and provides an explanation of some of the terms used.

Non-registered plans

A non-registered plan can be owned by a single individual or jointly by several individuals. Normally, there will only be one annuitant who can be the policyowner or someone else. For information about tax implications, see *Your income tax considerations.*

Non-registered plans – joint annuitants

Joint annuitants are the persons upon whose life the policy is based. Joint annuitants must be either married, civil union spouses or in a common-law relationship with each other at the time of the application.

The joint annuitants must also be joint policyowners with rights of survivorship (where Quebec law applies, rights of survivorship means accretion).

When joint annuitants apply for a joint policy on the application, the word “policyowner” and “you” in this folder will mean both joint policyowners.

These plans will be subject to the same rules as non-registered plans unless noted.

Upon the death of a joint annuitant, the surviving annuitant will become the sole annuitant and policyowner. The death benefit will only be paid on the death of the last annuitant while the policy is in force.

When we refer to the age of an annuitant, we mean the age of the younger of the two joint annuitants. The maturity date will be determined at issue based on the age of the youngest annuitant. The maturity date will not change if the younger annuitant dies first.

Following the maturity date, if an annuitant is living and has not previously indicated an alternative preference, annuity payments will commence. If both annuitants are living, the annuity will be based on and be guaranteed for the life of both annuitants. Otherwise, the annuity will be based on and be guaranteed for the life of the surviving annuitant.

RRSPs, LIRAs, locked-in RRSPs and RLSPs

An RRSP is an investment plan registered under the *Income Tax Act* (Canada).

The contributions you make to your RRSP are tax deductible and there is a maximum amount you can contribute each year under the *Income Tax Act* (Canada). You can also transfer money directly from an RRSP at another financial institution or from a pension plan, if federal or provincial pension laws allow it. There are no limits on the amount of transfers from RRSPs. There are limits under the *Income Tax Act* (Canada) for transfers from defined benefit pension plans.

Only one person, who must also be the annuitant, can own an RRSP.

For information about tax implications, see *Your income tax considerations*.

RRIFs, PRIFs, LRIFs, LIFs and RLIFs

A RRIF is a plan that gives you regular income payments and is registered under the *Income Tax Act* (Canada).

You can only open a RRIF with money transferred directly from an RRSP or another RRIF. You can only open PRIFs, LRIFs, LIFs and RLIFs with money transferred directly from a pension plan, from a locked-in RRSP, LIRA and RLSP or from another PRIF, LRIF, LIF or RLIF where federal or provincial pension laws allow it. We currently offer RRIFs and LIFs across Canada, and PRIFs in Saskatchewan and Manitoba. RLIFs are only available where the money is administered under federal pension legislation.

Under the *Income Tax Act* (Canada), you must redeem a minimum amount each year as an income payment from these plans. For LRIFs, LIFs and RLIFs there is also a maximum amount you may redeem each year.

Only one person, who must also be the annuitant, can own a RRIF, PRIF, LRIF, LIF or RLIF.

For information about tax implications, see *Your income tax considerations*.

Beneficiaries

You may designate one or more beneficiaries to receive any death benefit payable under the policy. You may revoke or change the designation prior to the maturity date, subject to applicable law. If the designation is irrevocable, you cannot revoke or change it or exercise certain other specific rights without the written consent of the irrevocable beneficiary in accordance with applicable law.

If the policy is a LIRA, LRSP, RLSP, PRIF, LIF, RLIF or LRIF, the interest of your spouse, civil union spouse or common-law partner can take priority over a beneficiary designated by you, depending on applicable pension legislation.

How our investment funds work

Each of our investment funds is a segregated fund, which is a pool of investments kept separate, or segregated, from the general assets of Canada Life. Each investment fund is divided into different classes with each class having an unlimited number of notional units of equal value. For more information about unit value, see *How we value investment fund units*.

When you allocate money to investment funds, units are allocated to your plan, but you do not actually own, buy, or sell any part of the investment funds or any units. Instead, we hold the assets of the investment funds. This also means that you don't have any voting rights associated with the investment funds. We calculate the value and the benefits to which you are entitled based on the value of the units allocated to your plan on a particular date less any applicable fees and charges.

Neither your plan nor your units give you an ownership interest in Canada Life or voting rights in connection with Canada Life. When you select an investment fund that invests in units of a mutual fund, you will not be a unitholder of the mutual fund.

We have the right to subdivide or consolidate the units of an investment fund. If we subdivide the units of a fund, there will be a decrease in the unit value. If we consolidate the units of a fund, there will be an increase in the unit value. If we subdivide or consolidate the units of an investment fund, the market value of the investment fund and the market value of your plan will not change. We will give you advance written notice if we have decided to do so.

We have the right to add, restrict the allocation of premiums or exchanges, close and terminate an existing investment fund. If we do close an investment fund, you cannot allocate a premium or exchange to the investment fund. If we do close an investment fund, it may be re-opened for investment at our discretion. We will notify you in writing 60 days before we terminate an investment fund or make a material change to the fundamental investment objectives of an investment fund. For more information, see *Fundamental changes to the investment funds*.

It's important to diversify your investments, which means investing in funds which have a variety of assets and investment styles. For more information about diversification and other risks involved in investment funds, see *Fund risks.*

You can chose from different investment funds and this broad choice provides a good opportunity for you to diversify your investments. In addition, there are asset allocation funds that are specially designed to increase diversification. We refer to our asset allocation funds as Canada Life portfolio funds. They are explained in more detail below. All the investment funds currently available are described in detail in the *Fund Facts* booklet which is provided with this information folder.

Portfolio funds

Each portfolio fund invests in a variety of other funds. They offer you an easy way to diversify your investments by investing in a single fund.

A portfolio fund may offer you diversification among:

- Types of assets, such as shares, bonds, mortgages and real estate
- The entities that issue the assets, such as shares in large, small or resource-based companies, and bonds issued by governments or companies
- Assets in different countries
- Investment advisors with different investment styles

We may review the composition of the portfolio funds from time to time. When required, we may change the:

- Funds the profile fund holds
- Percentages of each fund the profile fund intends to hold
- Number of funds the profile fund holds

Responsible Investment Approach

Some of our Segregated Funds consider ESG factors, along with other factors, as part of the investment decision-making process with an aim to generate sustainable income and growth for investors.

What are ESG factors?

ESG Factors that may be considered include, but are not limited to:

- **Environmental :** related to the quality and function of the natural environment and natural systems, such as greenhouse gas emissions, climate change resilience, pollution (air, water, noise, and light), biodiversity/habitat protection and waste management;
- **Social :** related to the rights, wellbeing, and interests of people and communities, such as workplace safety, cybersecurity and data privacy, human rights, local stakeholder relationships, and discrimination prevention; and
- **Governance :** related to the way companies are managed and overseen, such as independence of chair/board, fiduciary duty, board diversity, executive compensation and bribery and corruption.

The above examples are provided for illustrative purposes only and are not exhaustive. Not all factors are relevant to a particular investment or segregated fund.

Funds that take a responsible investment approach use various resources to monitor and evaluate these ESG factors in a qualitative and quantitative manner including, but not limited to, industry publications, company reports, internal and external research, news publications and analyst reports.

Types of Responsible Investment Approaches

Funds that consider ESG factors can include one or more of the following responsible investment approaches:

- **Exclusionary ESG screening:** The fund aims to exclude certain sectors, types of securities, or companies from its portfolio based on certain ESG-related activities, business practices, societal values or norms-based criteria.
- **ESG integration:** The fund explicitly considers ESG-related factors that are material to the risk and return of the investment ("financially material ESG factors"), alongside traditional financial and non-financial factors when making investment decisions with the aim of improving risk-adjusted returns.
- **Positive ESG tilt:** The fund aims to invest a greater percentage of assets to sectors or companies that exhibit positive ESG characteristics or those that demonstrate positive momentum towards becoming more ESG focused.
- **ESG best-in-class:** The fund aims to invest in companies that perform better than their peers on one or more performance metrics related to ESG factors.
- **ESG thematic investing:** The fund aims to invest in sectors, industries, or companies that are expected to benefit from long-term macro or structural ESG-related trends.
- **ESG stewardship:** The fund uses rights and position of holdings in investee companies, wherever the investment is in an investee company's capital structure, to influence the activities or behavior of such companies, including through engagement and voting activities.

Categories of Funds

Funds that incorporate, in whole or in part, responsible investment approaches as discussed above, generally fall within one of the following three categories:

1) Responsible Investment Branded Funds

The segregated funds listed below incorporate one or more of the responsible investment approaches or ESG factors as a fundamental objective and generally include the term "Sustainable" or another ESG factor reference in their name. These Funds generally fall into two categories:

i. **Core ESG funds** which invest in companies or issuers with positive ESG practices that are expected to enhance overall value and include the following Fund:
    - Sustainable Conservative Portfolio

ii. **Thematic ESG funds** which target specific ESG macro-trends or themes that aim to generate competitive returns.

2) ESG Integrated Funds

Segregated funds that incorporate an ESG-integrated approach (as defined above) in the investment process consider ESG factors as part of their security selection, together with other relevant financial and non-financial criteria. However, ESG is not a fundamental objective of these funds.

Funds that follow this approach will use internal and/or external ESG data and insights to evaluate material ESG factors in their investment research, analysis, or decisions include the following segregated funds:

- Canadian Core Bond
- Canadian Core Plus Bond
- Government Bond
- Canadian Dividend
- Canadian Fixed Income Balanced
- Canadian Focused Dividend
- Canadian Focused Growth
- Canadian Growth
- Canadian Growth Balanced
- Canadian Small-Mid Cap
- Canadian Stock Balanced
- Emerging Markets Equity
- Foreign Equity
- Global Resources
- Global Small-Mid Cap Growth
- Science and Technology
- Strategic Income
- U.S. Value Stock
- U.S. Growth
- U.S. Mid Cap Growth

3) Other funds

Segregated funds which are not Responsible Investment Branded Funds or ESG Integrated Funds (as described) may consider ESG factors, but such factors play a limited role and are not necessarily weighted heavily in the investment decision-making process. Certain segregated funds in this category do not aim to incorporate our responsible investment approach or ESG factors into their investment decision-making process.

How we value investment fund units

Generally, we value our units at the close of business on each day the Toronto Stock Exchange is open for business. We have the right to change how often we value our units. We refer to any day that we value units as a *valuation* day. We'll tell you in writing 60 days before we change the frequency that we value the units. For more information, see *Fundamental changes to the investment funds.*

When we value units, we calculate the unit value by dividing the total market value of that class of the fund by the number of units in that class of the fund. The market value of a class of a fund is the total market value of the assets in that class of the fund, less investment management fees and other expenses attributed to that class. For more information, see *Fees and expenses.*

When we calculate the market value of an asset held in an investment fund, we use the closing price of that asset. If a closing price is not available, we'll determine the fair market value of the asset.

The value of investment fund units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

Fundamental changes to the investment funds

If we make any of the following changes to an investment fund we will notify you in writing 60 days before the change occurs. The notice will be sent by regular mail to the most recent address we have for you in our records.

- Increase the investment management fee
- Material change to the investment objective
- Decrease the frequency with which the fund is valued

During the notice period, you will have the right to exchange the value of your units from the affected investment fund to a similar investment fund that is not subject to the fundamental change without charge provided you advise us at least five business days prior to the change happening. We will advise you of similar investment funds that are available to you at that time. A similar fund is a fund within the same investment fund category that has a comparable investment objective and the same or lower investment management fee. The exchange of your units from one investment fund to another in a non-registered policy may produce a taxable capital gain or loss. For information about tax implications, see *Your Income tax considerations.*

If we do not offer a similar investment fund, you may have the right to redeem the investment fund units without incurring a redemption charge or similar fee provided you advise us at least five business days prior to the change happening. We will advise you if this applies to you. Any redemption of units from a non-registered policy may produce a taxable capital gain or loss. For information about tax implications, see *Your Income tax considerations.*

During the transition period between the announcement and the effective date of the fundamental change, you will not be permitted to allocate premiums to, or exchange into, the affected fund unless you agree to waive your rights under the fundamental change provision for that particular fundamental change.

When an investment fund invests in an underlying mutual fund, an increase in the investment management fee of the underlying mutual fund that also results in an increase in the investment management fee of the investment fund would be treated as a fundamental change.

Managed-money program

The managed-money program is available to policyowners with over $250,000 to invest. It allows you to negotiate the amount you pay for your financial security advisor's services.

Sales charge option

With the managed-money program you don't pay any fees when you allocate a premium to a fund, redeem or exchange units, subject to a short-term trading fee. For more information, see *Short-term trading*. However, you do pay an advisory and management services fee.

Advisory and management service fee

The advisory and management services fee covers the following services:

- Investment advice
- Customized portfolio design
- Personal performance reporting
- Program monitoring
- Other retirement and investment planning services

We negotiate your advisory and management services fees with you and your financial security advisor. The fee we agree upon will be based on a number of factors, including:

- The value of your plan
- The number of plans you have with us
- The average value of your plans with us
- How complex it is to administer your plan
- The service and support you receive from your financial security advisor

Generally, for plans from $250,000 to $499,999, the annual advisory and management services fee is between one per cent and two per cent and for plans over $500,000, it is between 0.50 per cent and 1.25 per cent. For more information, see each of the *Fund Facts*. The minimum monthly fee is currently $150.

Once we agree upon a fee, it cannot be renegotiated for two years unless the value of your plan increases to the next fee level or we change the fee ranges. We, your financial security advisor and you, must all agree before the fee can be renegotiated.

You can choose whether to have the advisory and management service fee deducted from each of your plans or all from the same plan. If you sell units to pay the advisory and management service fee, there will be tax consequences. Also, it is not appropriate to pay the advisory and management service fee for a non-registered plan from a registered plan. You should consult your tax advisor about your personal circumstances. We deduct the advisory and management service fee plus applicable taxes from the plan monthly.

We have the right to change the range of the advisory and management service fee or the minimum fee at any time. If we do, we'll tell you in writing 60 days before we make the change. If we change the range, it will not automatically change your negotiated advisory and management services fee. In special circumstances, we may decide not to charge the advisory and management services fee.

The rate of return that we report on your statement does not reflect the advisory and management services fees you've paid. Therefore, the actual return for your funds will be less than the return shown on your statement.

Allocating premiums, redeeming, and exchanging investment fund units

You can make a request to allocate your premium to a fund, redeem, or exchange units at any time. However, we only process allocations, redemptions or exchanges on valuation days.

If we receive your request to allocate your premium to a fund, redeem, or exchange units at our administrative office, in London, Ontario or Montréal, Quebec, before 4 p.m. eastern time or before the Toronto Stock Exchange closes, whichever is earlier, on a valuation day, we'll process the requestion that day using that day's unit value. If we receive your request after that time, we'll process it on the next valuation day using that day's unit value. For more information, see *How we value investment fund units.*

When you ask us to allocate your premium to a fund, redeem, or exchange units, your instructions must be complete and in a manner acceptable to us, otherwise we will not be able to complete the transaction for you.

We have the right to refuse any premium allocated to your plan. We also have the right to change any minimum amounts that are given in this information folder without notice.

If you choose to make a redemption, this will reduce the amount available for annuity payments. For more information, see *When your plan matures.*

How to allocate your premium to investment fund units

When you apply a premium to an investment fund, we allocate units to your policy. We determine the number of units to allocate to your policy by dividing the net amount of the premium by the appropriate unit value of the investment fund. For more information, please see *How we value investment fund units*.

We have the right to limit purchases of investment funds. We may also refuse to accept requests to allocate premiums to investment funds.

How to redeem investment fund units

You can redeem investment fund units on any valuation day by sending appropriate documentation, acceptable to us, to our administrative office.

Upon request and subject to our administration rules you can redeem investment funds on any valuation day. You can also set up an automatic monthly transfer from one or more investment funds to your daily interest account. When you request money from your policy, we will redeem the number of units required to fulfill your redemption request. A cheque for the proceeds, less any applicable withholdings taxes, fees or charges, will be mailed or the proceeds will be directly deposited to your bank account once all documentation required to process your request is received in a form acceptable to us. If you have set up an automatic withdrawal and it is to occur on a non-valuation day, we will process the requested payment as of the previous valuation day.

You must keep a minimum of $500 in units. If you have less than $500 in units, we may require that you redeem them and transfer the money to the daily interest account.

When you redeem investment fund units, the value of those units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

We will charge a short-term trading fee on a redemption when the units to be redeemed have not been held in the investment fund for the applicable period of time. For more information, see *Short-term trading.*

There may be income tax consequences if you redeem units in a non-registered plan. For more information, please see *Your income tax considerations.*

The value of your guarantee will be reduced when you redeem units. For more information, see *Examples of how redeeming units affects the basic amount and reduces the guaranteed value.*

How to exchange investment fund units

Upon request and subject to our administrative rules, you can exchange units of one fund in your plan for units of another investment fund. You can also set up an automatic monthly exchange. In both cases, the minimum amount you can currently exchange is $50.

When you exchange units, you're redeeming units of one or more funds and allocating their value to units of other funds.

If you set up an automatic exchange between investment funds and an automatic exchange between other investment options in your plan, we process the automatic exchange between investment funds first.

When you exchange investment fund units, the value of those units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

We will charge a short-term trading fee on an exchange when the units to be exchanged have not been held in the investment fund for the applicable period of time. For more information, see *Short-term trading*.

There may be income tax consequences if you exchange units within a non-registered plan. For more information, please see *Your income tax considerations*.

Under unusual circumstances, we may have to delay your exchange of units if we've had to delay the redemption of any units. For more information, please see *When the redemption of your units may be delayed*.

The value of your guarantee will not be reduced when you exchange units.

Short-term trading

Using investment funds to time the market or trading on a frequent basis is not consistent with a long-term investment approach based on financial planning principles. In order to limit such activities, we will charge a short-term trading fee as outlined below. The short-term trading fee is retained in the investment fund as compensation for the costs associated with the switch or redemption request.

We may take additional actions as we consider appropriate to prevent further similar activity by you. These actions may include the delivery of a warning, placing you on a watch list to monitor activity, declining to accept allocations to and exchange and redemption requests from the investment funds, delay trades by one valuation day and suspend trading under the policy. We reserve the right to change our administrative practices or introduce new ones when we determine it is appropriate.

We will charge a short-term trading fee of up to two per cent of the amount exchanged or redeemed if you allocate premiums to an investment fund for less than 90 consecutive days.

This fee is subject to change. This right is not affected by the fact that we may have waived it at any time previously. We reserve the right to increase the period of time a premium must remain in an investment fund from 90 consecutive days to up to 365 consecutive days. We will give you written notice of our intent to increase the time period at least 60 days in advance. Our notice to you will specify the affected investment fund(s) and the new period of time. We will send the notice to your most recent address on our records for this policy.

When the redemption of your units may be delayed

Under unusual circumstances, we may have to delay your redemption of units or postpone the date of a transfer or payment. This may happen if:

- Normal trading is suspended on a stock exchange on which the investment fund has a significant percentage of its assets, or
- We believe it's not practical to dispose of investments held in an investment fund or that it would be unfair to other unitholders

During such a delay, we'll administer the redemption of units according to the applicable rules and laws and in a manner that we consider fair. We may have to wait until there are enough assets in the fund that can be easily converted to cash. If there are more requests to redeem units than we can accommodate, we'll redeem as many units as we think is appropriate and allocate the proceeds proportionally among the investors who asked to redeem units. We'll redeem any remaining units as soon as we can.

We may temporarily postpone redeeming units or the date a switch is processed, or payment is made if we have reasonable grounds, in our opinion, to believe you are being or have been financially exploited or we have concerns about your ability to make financial decisions. This delay is to provide us with the opportunity to review the situation. Where a hold is placed on the policy, we will provide notice to you as soon as possible.

Where an overpayment was paid from a policy that should not have been made, you are responsible for repaying the amount within 30 days of Canada Life sending you notice, or within an agreed upon period when provided in writing by Canada Life. If you do not make the repayment, redemptions will be delayed until the overpayment is recovered. You also authorize Canada Life to set-off such amount against any amounts owing under another policy with Canada Life, subject to applicable laws. This does not limit Canada Life’s right to use other legal means to recover the overpayment.

When your plan matures

Maturity date

Most plans end – or mature – at a certain time. The maturity date varies depending on the type of plan you have. In some cases, you can select an earlier maturity date.

For a non-registered plan, the automatic maturity date is Dec. 31 of the year the annuitant turns 100. You may also select an earlier maturity date as long as the date is:

- After the annuitant turns 70
- Before Dec. 31 of the year the annuitant turns 100
- At least 15 years after the later of:
  - The date you first held investment funds in your plan
  - The date you asked to change the maturity date

For an RRSP, the automatic maturity date is Dec. 31 of the year the annuitant turns the age stipulated by the *Income Tax Act* (Canada), currently age 71. You may also select an earlier maturity date between Sept. 1 and Dec. 31 of the year the annuitant turns 71.

The maturity date for a LIF depends on the jurisdiction that governs your LIF. Some jurisdictions require that your LIF be converted to a life annuity. If your LIF requires you to receive payments from a life annuity, the maturity date will be Dec. 31 of the year stipulated in the regulations governing the LIF.

For RRIFs, PRIFs, LRIFs, RLIFs or LIFs, which are not required to be annuitized under applicable pension legislation, there is no maturity date. For RRIF policies issued to Quebec residents, the maturity date is Dec. 31 of the year the annuitant turns age 100.

Over time, regulators may change the rules that govern LIFs. We will change the terms of your LIF in accordance with any change in the regulations.

What happens to your policy on the maturity date

On the maturity date of your plan, we will redeem all units and transfer the value to the daily interest account. If your plan is a non-registered plan, you may have to pay tax as a result.

For RRSP plans (except RRSPs for which you first allocated a premium to the investment funds when the annuitant is age 60 or older), non-registered plans, and RRIFs issued to residents of Quebec, if you do not indicate a preference, following the maturity date we will commence life annuity payments. The annuity payments are conditional on the annuitant being alive and will be in equal, annual or more frequent periodic amounts. We may require evidence that the person is living when the payment becomes due.

Premiums will not be accepted under the policy after the annuity payments commence. We will make payments for as long as the annuitant lives. If the annuitant dies within 10 years of when the annuity payments commenced, the remaining guaranteed payments will go to the beneficiary. If there is no beneficiary, we'll make the payments to you (as the policyowner) or to your estate. You may have to pay tax on the annuity payments. Payments are not commutable during the annuitant's lifetime.

If you first allocated a premium to an investment fund in an RRSP when the annuitant is age 60 or older and you do not indicate a preference for another type of annuity then offered by us, we'll commence payments on a RRIF basis.

If on the issue date of the RRSP or non-registered plan the policyowner is not a resident of Quebec, the amount of the annuity payments will be determined using the annuity rate in effect when the annuity payments commence.

If on the issue date of the RRSP, RRIF or non-registered plan, the policyowner is a resident of Quebec, the amount of the annuity payments will be determined by the greater of the annuity rate in effect when the annuity payments commence and the rate established in the policy.

Basic guaranteed benefits

All plans have two types of basic guaranteed benefits: the basic maturity guarantee and the basic death benefit guarantee. Both basic guaranteed benefits are included at no additional cost and apply to the investment funds you hold in your plan, regardless of the type of plan you own.

However, these basic guaranteed benefits only apply if you first held investment funds in your plan after Oct. 25, 1999. If you held investment funds in your plan before Oct. 25, 1999, please refer to your contract for more information about your guaranteed benefits.

Before the maturity date or the death of the insured person, the value of investment fund units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

Basic amount

The basic amount is used to calculate the value of both basic guaranteed benefits. In general, the basic amount is:

- The total of all amounts allocated to units
- Minus a proportional reduction for any units redeemed

To calculate the proportional reduction for any units redeemed, we use the following formula:

A x B ÷ C = reduction in the basic amount when:

A is the basic amount before the redemption

B is the value of the units redeemed

C is the market value of the investment funds before the redemption

Advisory and management service fees are included as part of the amount of the units redeemed. For more information, see *Fees and expenses paid directly by you.*

If short-term trading fees or other charges apply, they are included as part of the amount of units redeemed. For more information, see *Fees and expenses paid directly by you*.

The basic amount does not include exchanges between funds.

Basic maturity guarantee

On the maturity date, we'll pay you the greater of:

- The market value of all your units
- The basic maturity guarantee of your plan based on the basic amount

For the following plans, the basic maturity guarantee is guaranteed to be not less than 75 per cent of the basic amount:

- Non-registered plans – if you first allocated premiums to the investment funds 15 years or more before the maturity of the plan
- RRSPs – if you first allocate a premium to the investment fund option prior to the annuitant attaining age 60
- RRIFs – issued to a Quebec resident
- LIFs (which have a maturity date) – if you first allocated premiums to the investment funds 10 years or more before the maturity date of the LIF

There is no basic maturity guarantee for any RRIF, PRIF, LRIF, RLIF or LIF, which does not have a maturity date.

If you first allocated premiums to the investment funds in an RRSP when the annuitant is age 60 or older, there is no maturity guarantee unless the value of the units of the investment funds are paid out on a RRIF basis following the maturity date of the RRSP. The automatic maturity date of the RRSP is Dec. 31 in the year you attain age 71. If the value of the units of the investments funds are paid out on a RRIF basis, the maturity guarantee applies on Dec. 31 of the year you attain age 80. For such a RRIF, the basic maturity value is guaranteed to be not less than 75 per cent of:

- The total of all premiums allocated to the investment funds in the RRSP
- Minus a proportional reduction for any units redeemed from both the RRSP and the RRIF

We calculate this proportional reduction the same way we calculate the proportional reduction for the basic amount.

Basic death benefit guarantee

We make a one-time lump-sum payment of the basic death benefit if the last annuitant dies before your plan matures. If we receive satisfactory proof of the last annuitant's death at our administrative office in London, Ontario or Montreal, Quebec before 4 p.m. eastern time on a valuation day, we'll calculate and process the payment on and as of that day. If we receive the proof after that time, we'll calculate and process it on and as of the valuation day after we receive the proof. For more information about valuation days, see *How we value investment fund units*. Also, see *When the redemption of your units may be delayed.*

We make this payment to the beneficiary of the plan. If there is no beneficiary, we make the payment to you (as the policyowner) or to your estate.

The basic death benefit is the greater of:

- The market value of all unit allocated to investment funds, or
- The basic death benefit guarantee, which is 75 per cent of the basic amount and is determined for each plan

If you have a RRIF and your spouse or common-law partner is the beneficiary, instead of receiving a one-time lump-sum payment, you may choose to have your spouse or common-law partner become the policyowner and annuitant of the plan and continue to receive the regular income payments. In this case, we will pay the death benefit on the death of the spouse or common-law partner, even if, on the death of the first annuitant, we increased the value of the plan to equal the death benefit guarantee applicable on the death of the first annuitant.

Once your plan matures, the basic death benefit guarantee no longer applies.

Examples of how redeeming units affects the basic amount and reduces the guaranteed value

Let's assume you allocated the following premiums to the investment fund:

Date	**Investment fund**	**Amount you allocated to the investment fund**
July 1, 2026	Canadian Equity	$10,000
July 1, 2027	Canadian Equity	$10,000

Your plan would have the following value:	
Basic amount:	**$20,000**
Basic maturity guarantee:	$20,000 x 75% = $15,000
Basic death benefit guarantee:	$20,000 x 75% = $15,000

Let's also assume that on July 1, 2028, you redeem units of the Canadian Equity for $4,950.

If the market value is greater than the basic amount.

Let's assume that on July 1, 2028 before you redeem the units, the market value of your Canadian Equity units is $22,000.

Your basic amount would be reduced according to the formula:

A x B ÷ C = reduction in the basic amount when:

A is the basic amount before the redemption ($20,000)

B is the value of the units redeemed ($4,950)

C is the market value of the investment funds before the redemption ($22,000)

$20,000 x $4,950 ÷ $22,000 = $4,500

Your plan would now have the following values:	
Basic amount:	$20,000 - $4,500 = $15,500
Basic maturity guarantee:	$15,500 x 75% = $11,625
Basic death benefit guarantee:	$15,500 x 75% = $11,625

If the market value is less than the basic amount

Let's assume that on July 1, 2028 before you redeem the units, the market value of your Canadian Equity units is $18,000.

Your basic amount would be reduced according to the formula:

A x B ÷ C = reduction in the basic amount when:

A is the basic amount before the redemption ($20,000)

B is the value of the units redeemed ($4,950)

C is the market value of the investment funds before the redemption ($18,000)

$20,000 x $4,950 ÷ $18,000 = $5,500

Your plan would now have the following values:	
Basic amount	$20,000 - $5,500 = $14,500
Basic maturity guarantee	$14,500 x 75% = $10,875
Basic death benefit guarantee	$14,500 x 75% = $10,875

When the basic guaranteed benefits end

These benefits end on the earlier of one of the following dates:

- The maturity date, once we've paid the basic maturity benefit, or
- The date the last annuitant dies, once we've paid the basic death benefit

Fees and expenses for managed-money program

This section explains the fees and expenses you pay to us for managing the investment fund and paying for the guarantees (see *Fees and expenses paid by the investment fund*).

The total cost of investing in an investment fund (known as the management expense ratio or MER) is the sum of the investment management fee and the expenses to operate the investment fund. This is further explained below, but in order to find out how much each investment fund will cost you to hold in your policy, you want to look at the MER. For the MERs of each investment fund available under the policy see each of the *Fund Facts*. In addition, with the managed-money program you must pay an advisory and management service fee.

In order to find out how much each investment fund will cost you to hold in your policy, you will want to look at the MER and add your advisory and management service fee. The MERs of each investment fund available under the policy are provided on each of the *Fund Facts,* which is available in the *Fund Facts* booklet. Also included on the *Funds Facts* is the cost of holding the fund using the minimum advisory and management service fee.

For example, if you selected to hold units of an investment fund with a MER of 1.27 per cent, you would pay 1.27 per cent. If the advisory and management service fee was 0.50 per cent your total cost would be 1.77 per cent (1.27 per cent plus 0.50 per cent). If the advisory and management service fee was two per cent then your total cost would be 3.27 per cent (1.27 per cent plus 2 per cent).

You may also have to pay other fees and expenses as described under *Fees and expenses paid directly by you*, but these are generally costs that depend on actions taken by you, and will not be imposed unless you do something specific (for example, exchanging units within 90 days of acquiring them), or request a specific additional service (for example, extra copies of annual statements).

Fees and expenses paid by the investment fund

Management expense ratio (MER)

The MER is made up of the investment management fee and operating expenses, expressed as an annualized percentage of the investment fund's average net asset for the year. You do not directly pay the MER. The investment management fee and operating expenses are paid from the investment fund before the unit value of an investment fund is calculated.

The MER of an investment fund is subject to change without notice. The current MER is found on the *Fund Facts*, which is available in the *Fund Facts* booklet.

The updated MER is published each year in the audited financial statements, which are available on or about April 30. For more information on how to obtain these statements, see *Requests for Fund Facts, financial statements and other documents.*

Investment management fees

An investment management fee, which is a percentage of the market value of each investment fund plus applicable taxes, is deducted from each investment fund on a valuation day and paid to us before we calculate that fund's unit value. The amount of the fee varies depending on the fund.

For more information, see the *Annual investment management fees by fund*, which are available in the Fund Facts booklet.

When an investment fund invests in an underlying fund, there is no duplication of investment management fees. See *Fund of funds.*

Operating expenses

In addition to investment management fees, we charge other expenses to the investment fund. These expenses are for the operation of the funds and your plan. They include legal, safekeeping, brokerage, administration and audit fees, and taxes. These expenses vary from year to year and from fund to fund. We deduct these operating expenses, plus applicable taxes, from each investment fund on a valuation day, before we calculate that fund's unit value.

Fund of funds

Where the investment funds invest in an underlying fund, the fees and expenses payable in connection with the management, operation and administration of the underlying fund are in addition to those payable by the investment fund. As a result, the investment fund pays its own fees and expenses and its proportionate share of the fees and expenses of the underlying fund; accordingly, this is reflected in the total investment management fee and management expense ratio reported by the investment fund. However, there will be no duplication in the payment of investment management fees in such circumstances.

Fees and expenses paid directly by you

You may have to pay the following fees and expenses directly when you invest in a policy:

- Advisory and management services fee
- Charge for changing the amount or frequency of your scheduled periodic income payments
- Charge for duplicate RRSP receipts and tax slips
- Policy research fee
- Short-term trading fee
- Returned cheque fee
- Cheque processing and courier fee

These fees and expenses are explained in more detail later.

You do not pay for the following services:

- Establishing non-registered or registered policies
- Pre-authorized payment agreement (PPA)
- Scheduled periodic income payment
- Exchanges between investment funds unless you have been in the investment fund for less than the applicable period (for more information, see *Short-term trading*)
- We reserve the right to charge fees for additional services from time to time and to change the amount or the nature of the fees and expenses paid by you at any time.

Advisory and management service fee

Advisory and management services fee pays for a number of services.

Generally, for plans from $250,000 to $499,999, the annual advisory and management services fee is between 1.00 per cent and 1.25 per cent and for plans over $500,000, it is between 0.50. per cent and 1.25 per cent. For more information, see the Fund Facts booklet for each investment fund. The minimum monthly fee is currently $150.

Once we agree upon a fee, it cannot be renegotiated for two years unless the value of your plan increases to the next fee level or we change the fee ranges. We, your financial security advisor and you must all agree before the fee can be renegotiated.

For more information, please see the *Managed-money program* section.

Charge for changing the amount or frequency of your scheduled periodic income payments

We may charge up to $60 if you change the amount or frequency of your scheduled periodic income payments more than once per year.

Charge for duplicate RRSP receipts or tax slips

We will give you one duplicate RRSP receipt or a tax slip for the current year without charge, if you ask for it. We may charge $25 for duplicates of RRSP receipts and tax slips issued in all prior years.

Policy research fee

We may charge up to $15 per year of policy history or $35 per hour for researching your policy. You will be advised of the fee before the research begins.

Short-term trading fee

We may charge a short-term trading fee of up to two per cent of the amount exchanged or redeemed if you invest in a fund for less than a 90-day period.

Returned cheque fee

If your pre-authorized payment is returned by your financial institution, we may charge up to $20 to cover the cost of our processing.

Cheque processing and courier fee

You are allowed one partial redemption each calendar quarter without a service fee. For any additional requests within the same calendar quarter, we may charge up to $20 per redemption request. If you request a cheque be sent by courier, we may charge a courier fee for this service.

Your income tax considerations

This is a general summary of income tax considerations for Canadian residents. It is based on the current *Income Tax Act* (Canada) and does not take into account any provincial tax laws. The summary does not include all possible tax considerations.

The taxation of certain benefits available with these annuities is not certain at this time. You are responsible for the proper reporting of all taxable income and payment of all related taxes. This summary is not intended to offer you tax advice. **Consult your tax advisor about the tax treatment of these annuities for your personal circumstances.**

Tax status of the investment funds

The investment funds are not separate legal entities. They fall under the definition of segregated funds in the *Income Tax Act* (Canada). For tax purposes, our investment funds are deemed to be trusts that are separate entities from Canada Life. The assets of the investment funds are kept separate from our general assets.

The investment funds generally do not pay income tax because all of its income and realized capital gains and losses are allocated to you and other investment fund policyowners each year.

The investment funds may have foreign tax withheld on income that is earned by its foreign investments.

Non-registered policies

For income tax purposes, you must report the following investment income that is allocated to you by the investment funds:

- Interest
- Dividends from taxable Canadian companies
- Taxable capital gains or losses
- Foreign source income
- Any other investment income

When you redeem units of an investment fund you may realize a capital gain or a capital loss, which you must report. Your capital gain (loss) generally will be the amount by which the value of the redemption exceeds (is less then) the adjusted cost base of the units being redeemed.

Any exchange will be treated the same as a redemption of your units.

Death of the policyowner or transfer of ownership may create capital gains that must be reported.

Once a year, we'll send you tax reporting slips that show the amounts that must be reported for income tax purposes. These slips will include the capital gain or loss on any redemption or exchange of your units. The slips will also include any tax disposition as a result of a fund being discontinued.

The tax information we provide to you will not include adjustments for transactions that generate superficial losses under the *Income Tax Act* (Canada). To avoid the creation of superficial losses that will be denied for income tax purposes, we recommend you avoid allocating premiums to a fund within 30 days before or after redeeming units of that same fund.

Any premiums allocated to a non-registered plan are not tax deductible.

The advisory and management services fee is deducted from your plan by selling units of your investment funds. These deductions from a non-registered policy will have tax consequences.

Advisory and management services fees paid for a non-registered plan may be a deductible expense for you under current income tax legislation. We recommend you consult with your tax advisor regarding your situation.

The tax treatment of a top-up maturity or death benefit guarantee payment is not certain at this time. We recommend that you contact your tax advisor regarding the tax treatment of top-up payments in your particular circumstances.

We will report top-up guarantee payments based on our understanding of the tax legislation and the Canada Revenue Agency (CRA) assessing practices at that time. You are responsible for any tax liabilities arising from any change in law, interpretation or CRA assessing practices.

The CRA released a written interpretation indicating that fees paid by a client related to segregated fund policies, including the AMS fee, are not tax deductible under 20(1)(bb) of the *Income Tax Act*. We recommend obtaining professional tax advice in respect to your tax position.

RRSPs

An RRSP is registered under the *Income Tax Act* (Canada). Generally, the contributions you make to your RRSP are tax deductible up to an annual limit.

You do not have to report investment income that is allocated to you by the investment funds in the year that the income is earned. However, for income tax purposes, you must report any redemption you make, unless the money is transferred directly to another plan registered under the *Income Tax Act* (Canada). Tax will be withheld on redemptions.

Payment of top-up maturity or death benefit guarantees into the policy are not taxable. All amounts withdrawn from the registered policy are taxable except withdrawals under the Home Buyers' Plan or Lifelong Learning Plan.

RRIFs

A RRIF is registered under the *Income Tax Act* (Canada) as a registered retirement income fund.

You can only open a RRIF with money transferred from another plan registered under the *Income Tax Act* (Canada).

You do not have to report investment income that is allocated to you by the investment funds in the year that it's earned. However, all redemptions are taxable each year and tax may be withheld on these payments. Current income tax regulations require us to withhold income tax on any amount that is redeemed that is in excess of the minimum income.

Generally, transfers you make to a RRIF are not tax deductible.

Payment of top-up maturity or death benefit guarantees into the policy is not taxable. All amounts withdrawn from the registered policy are taxable.

Administration of the investment funds

Keeping you informed

You will be sent a statement no less than annually and it will give you the following information:

- The total number of units, unit value and market value for all the investment funds in your Canada Life investment plan on the statement date
- Dollar amount and number of units transferred to and from each investment fund for the statement period
- Any income payments made during the statement period for a RRIF, PRIF, LRIF,LIF or RLIF
- Any advisory and management services fees charged for the statement period

Any written communications will be sent to you at the most recent address in our records for the policy. Please tell us promptly if your address changes.

Please review your statement and advise your financial security advisor or one of our administrative offices at the address located on the inside front cover if they do not agree with your records. Any discrepancies must be reported in writing within 60 days of the statement date. If we do not hear from you, the statement is deemed to be accurate.

We may change the frequency or content of your statement, subject to applicable laws.

Requests for *Fund Facts*, financial statements and other documents

The most current *Fund Facts* for each investment fund is available upon request to Canada Life's administrative office at the address on the inside front cover or by visiting our website at **canadalife.com**.

The most recent annual audited financial statements and semi-annual unaudited financial statements for the investment funds are available upon request from your financial security advisor, by writing to Canada Life's administrative office at the address on the inside front cover or by visiting our website at **canadalife.com**.

The annual audited financial statements for the current financial year will be made available to you after April 30 and the semi-annual unaudited financial statements will be available after Sept. 30 of each year.

A detailed description of each investment fund's investment objective and strategies is available from our head office at the address on the inside front cover.

In addition, copies of the simplified prospectus, annual information form, unaudited semi-annual financial statements, audited financial statements, and interim and annual management reports of fund performance of the underlying funds are available upon request from your financial security advisor.

Material contracts

In the last two years, we haven't entered or amended any contracts that are material to policyowners who invest in our investment funds.

There are no material facts of which Canada Life is aware which relate to the policy that are not disclosed in this information folder.

The auditor of the segregated funds is Deloitte & Touche LLP. Deloitte is located at 2300-360 Main St, Winnipeg MB R3C 3Z3.

Material transactions

In the last three years, no director, senior officer, associate or affiliate of Canada Life has had any material interest, direct or indirect, in any transaction or in any proposed transaction that would materially affect the investment funds.

We don't retain a principal broker for buying or selling the underlying investments in the investment funds. We usually arrange these investment transactions through many different brokerage houses.

Assuris protection

Assuris is a not-for-profit corporation, funded by the life insurance industry that protects Canadian policyowners against loss of benefits due to the financial failure of a member company. Details about the extent of Assuris's protection are available at **assuris.ca** or in its brochure, which can be obtained from your financial security advisor, life insurance company, **info@assuris.ca** or by calling 1-866-878-1225.

Investment policy

We have established investment and lending policies in relation to our segregated funds we believe are reasonable and prudent. The investment policies comply with:

- Federal and provincial pension benefit standards laws
- Canadian Life and Health Insurance Association Inc. (CLHIA) *Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds* as amended, and approved by the CLHIA Board of Directors and the Canadian Council of Insurance Regulators
- Autorité des marches financiers (AMF) *Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds*, as amended, and approved by Autorité des marches financiers
- all as may be amended from time to time.

The investment funds may achieve their investment objective and/or investment strategies by either investing directly in securities or in units of one or more underlying funds that have a similar investment objective of the investment fund. If the underlying fund is a mutual fund, the fundamental investment objective of the mutual fund cannot be changed unless approved by the mutual fund unitholders. If such a change is approved, we will give you notice of the change.

The earnings of each investment fund are reinvested in that fund according to its investment objectives and investment strategies. When the fund invests, it doesn't distinguish between capital and reinvested earnings. The investment funds may lend securities in a manner that is prudent, in the interest of the investment fund, and in compliance with any applicable laws.

We may update an investment fund's investment strategy, including the removal or substitution of underlying funds, without notice to you.

The Real Estate Fund is the only fund that may borrow to buy securities. For more information about the Real Estate Fund, see its Fund Facts page in the Fund Facts booklet. The other investment funds do not borrow money except for the purpose of funding redemptions (and only to the extent permitted by applicable regulatory requirements).

For a summary of an investment fund's investment policy, see the *Fund Facts* booklet. A detailed description of each investment fund's investment objective and strategies is available upon request from Canada Life at the address on the inside of the front cover. In addition, you may request information about the underlying funds, including audited financial statements of the underlying funds by contacting your financial security advisor.

The sum of a fund's exposure to any one corporate entity will not exceed 10 per cent of the value of the fund at the time of investment. Furthermore, the percentage of securities of any one corporate issue that may be acquired is limited to 10 per cent of each class of securities of any one corporate issuer, except for any corporate issue guaranteed by, any government authority in Canada. This limitation will not apply to a segregated fund that is an index fund. We will not, in respect of any fund, invest in securities of an issuer for the purpose of exercising control or management.

Performance of investment funds and underlying funds

The investment objectives and investment strategies of the funds are in many cases similar to the objectives and strategies of a corresponding mutual fund sponsored by our investment advisors. Although the funds have these similar objectives and strategies, and in most cases will have investment portfolios managed by the same individuals, the performance of the mutual funds and the corresponding investment funds will not be identical. This result occurs because not all of the investments of the two groups of funds will be the same in all respects, the investments will be acquired at different times, in different amounts and at different prices, and each fund will have different levels of purchases and redemptions and different pricing structures necessitating different portfolio transactions.

Investment managers

We have the right to appoint or change investment managers to provide investment management, investment advisory and related services necessary for the investment and management of investment fund property. We will advise you of any change to an investment manager.

We currently retain the following investment managers for our investment funds.

- **AGF Investments Inc**. located at PO Box 50, Suite 3100 Toronto-Dominion Bank Tower, Toronto ON M5K 1E9
- **Beutel, Goodman & Company Ltd**. located at 2000-20 Eglinton Ave W, PO Box 2005, Toronto ON M4R 1K8
- **ClearBridge Investments** located at New York Times Building, 620 8 th #48, New York, NY 10018
- **Brandywine Global Investment Management LLC** located at 2929 Arch St, 8th Floor, Philadelphia, Pennsylvania 19104
- **Canada Life Asset Management**, formerly Canada Life Investments, located at 1-6 Lombard St, London England EC3V 9JU
  Canada Life Asset Management is the brand for investment management activities undertaken by Canada Life Asset Management Limited.
- **Canada Life Investment Management Ltd**. located at 255 Dufferin Ave, London ON N6A 4K1
  Canada Life Investment Management Ltd. manages their asset allocation mandates through Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.
- **Foyston, Gordon & Payne** located at 2600-1 Adelaide St E, Toronto ON M5C 4V9
- **GWL Realty Advisors Inc.** located at 830-33 Yonge St, Toronto ON M5E 1G4
- **Invesco Canada Ltd.** located at 900-5140 Yonge Street, Toronto ON M2N 6X7
- **Irish Life Investment Managers Limited** located at Beresford Court, Beresford Place, Dublin 1 Ireland
- **JPMorgan Asset Management (Canada) Inc.** located at Royal Bank Plaza, South Tower, 1800-200 Bay St, Toronto ON M5J 2J2 or 600-999 Hastings St W, Vancouver BC V6C 2W2
- **Mackenzie Investments** located at 180 Queen St W, Toronto ON M5V 3K1
  Mackenzie Investments is the brand for investment management activities undertaken by Mackenzie Financial Corporation.
- **Putnam Investments Canada ULC** c/o Legal Department located at 180 Queen St W, Toronto ON M5V 3K1 or One Post Office Square, Boston MA 02109
- **Setanta Asset Management Limited** located at College Park House, 20 Nassau St, Dublin 2 Ireland

GWL Realty Advisors Inc., Setanta Asset Management Ltd., Canada Life Asset Management, Irish Life Investment Managers Limited and Canada Life Investment Management Ltd., are wholly owned subsidiaries of The Canada Life Assurance Company. Putnam Investments Canada ULC is a wholly owned subsidiary of Great-West Lifeco Inc. The Canada Life Assurance Company and Mackenzie Investments are members of the Power Corporation group of companies. Policies are in place to avoid any potential conflicts of interest.

Investment manager review process

Through our investment manager review process, we regularly review and monitor investment managers against our standards and established expectations.

These reviews include:

- A review of performance – absolute and risk-adjusted – and the consistency of this performance relative to their peer group and benchmark.
- A review of the investment policies and procedures of the fund to ensure that the fund objectives, risk tolerances and investment constraints are being met.
- A review of qualitative factors such as portfolio turnover and consistency of style.

Our review is carried out by our investment manager review committee. This committee consists of members of senior management with a wide variety of business and investment qualifications.

Fund risks

Investment funds hold different types of investments – stocks, bonds, other funds, cash – depending on what the fund invests in. Different kinds of investment funds are subject to different risks. The value of the investment funds will vary from day to day because of various factors including changes in interest rates, economic conditions, and market and company news. As a result, the market value of investment fund units may go up and down, and the value of your investment may have increased or decreased when you redeem it.

Although you can never eliminate risk, you can reduce the risk through diversification, which means investing in a variety of different investments. You can achieve diversification by investing in an asset allocation fund or investing in several investment funds with different risks.

In certain circumstances, an investment fund may suspend redemptions. For more information, see *When the redemption of your units may be delayed*.

On each *Fund Facts* page the section *Who is this fund for?* can help you decide if the investment fund might be suitable for you.

As well, on each *Fund Facts* page the investments funds have been rated as to how risky they are – low to high – in the section *How risky is it?* This rating, where applicable, has been determined using historical volatility risk as measured by the standard deviation of fund performance. Other types of risk, both measurable and non-measurable, may exist and an investment fund's historical volatility may not capture all potential risks or be indicative of its future volatility. For example, a fund with a low risk level would be more appropriate for an investor with a short time horizon and seeking capital preservation. A fund with a high risk level would be more appropriate for a long-term investor seeking to grow their capital and can tolerate the up and downs of the stock market. These ratings are meant as a general guide only. You should consult with your financial security advisor who can help you determine your appropriate risk level.

Below is a summary of various types of risks that may apply to the investment funds.

Commodity risk

An investment fund that invests in energy and natural resource companies, such as oil, gas, mining and gold, will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move significantly in short periods of time which will have a direct or indirect impact on the market value of the investment fund. In addition, new discoveries or changes in government regulations can affect the price of commodities.

Company risk

Equity investments such as stocks and investments in trusts, and fixed income investments, such as bonds, carry several risks that are specific to the company that issues the investments. A number of factors may cause the price of these investments to fall. These factors include specific developments relating to the company, conditions in the market where these investments are traded, and general economic, financial and political conditions in the countries where the company operates. While these factors impact all securities issued by a company, the values of equity securities generally tend to change more frequently and vary more widely than fixed income securities. As a segregated fund's net asset value is based on the value of its portfolio securities, an overall decline in the value of portfolio securities that it holds will reduce the value of the segregated fund and, therefore, the value of your investment.

Concentration risk

A segregated fund may invest a large portion of its net assets in a small number of issuers, in a particular industry or geographic region, or may use a specific investment style, such as growth or value. A relatively high concentration of assets in or exposure to a single issuer, or a small number of issuers, may reduce the diversification of a segregated fund and may result in increased volatility in the segregated fund's market value. Issuer concentration may also increase the illiquidity of the segregated fund's portfolio if there is a shortage of buyers willing to purchase those securities.

A segregated fund concentrates on a style or sectors either to provide investors with more certainty about how the segregated fund will be invested or the style of the segregated fund or because a portfolio manager believes that specialization increases the potential for good returns. If the issuer, industry or region faces difficult economic times or if the investment approach used by such segregated fund is out of favour, the segregated fund will likely lose more than it would if it diversified its investments or style. If a segregated fund's investment objectives or strategies require concentration, it may continue to suffer poor returns over a prolonged period of time.

Convertible Securities risk

Convertible securities are fixed income securities, preferred stocks or other securities that are convertible into common stock or other securities. The market value of convertible securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value, however, tends to reflect the market price of the issuer's common stock when that price approaches or exceeds the convertible security's "conversion price". The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock.

In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its senior debt obligations.

Credit risk

An issuer of a bond or other fixed-income investment may not be able to pay interest or to repay the principal at maturity. The risk of such a failure to pay is known as credit risk. Some issuers have more credit risk than others. Issuers with higher credit risk typically pay higher interest rates than interest rates paid by issuers with lower credit risk because higher credit risk companies expose investors to a greater risk of loss. Credit risk can increase or decline during the term of the fixed-income investment.

Companies, governments and other entities that borrow money, and the debt securities they issue, are assigned credit ratings by specialized rating agencies. The ratings are a measure of credit risk and take into account many factors, including the value of any collateral underlying a fixed income investment. Credit ratings are one factor used by the portfolio managers of the segregated funds in making investment decisions. A credit rating may prove to be wrong, which can lead to unanticipated losses on fixed-income investments. If the market perceives that a credit risk rating is too high, then the value of the investments may decrease substantially. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value.

The difference in interest rates between an issuer's bond and a government-issued bond that are otherwise identical in all respects except for the credit rating is known as the credit spread. Credit spreads widen if the market determines that a higher return is necessary to compensate for the increased risk of owning a particular fixed-income investment. An increase in credit spread after the purchase of a fixed-income investment decreases the market value of that investment.

Cyber security risk

Due to the widespread use of technology in the course of business, the segregated funds have become potentially more susceptible to operational risks through breaches in cyber security. Cyber security is the risk of harm, loss, and liability resulting from a failure, disruption or breach of an organization's information technology systems. It refers to both intentional and unintentional events that may cause a segregated fund to lose proprietary information, suffer data corruption, or lose operational capacity, which could cause us and/or a segregated fund to experience disruptions to business operations; reputational damage; difficulties with a segregated fund's ability to calculate its net asset value; or incur regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. Cyber attacks may involve unauthorized access to a segregated fund's digital information systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, or corrupting data, equipment or systems. Other cyber attacks do not require unauthorized access, such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber attacks on a segregated fund's third-party services providers (e.g., administrators, transfer agents, custodians and sub-advisors) or issuers that a segregated fund invests in can also subject a segregated fund to many of the same risks associated with direct cyber attacks. Similar to operational risks in general, we have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will be successful.

Derivative risk

A derivative security is a financial instrument that derives its value from an underlying security, such as a stock or bond, a currency, or a financial market. It is not a direct investment in the underlying security itself. They are used to reduce the risks associated with changes in interest rates and exchange rates and to enhance returns. The investment funds can invest in derivatives for hedging purposes and for non-hedging purposes. “Hedging” means a transaction or a series of transactions designed to offset or reduce a specific risk associated with specific positions held by the Funds in certain investments or groups of investments. When derivatives are used for a non-hedging purpose, it allows the investment funds to invest indirectly in the returns of one or more stocks or an entire index without actually buying the stock(s) or all the stocks in the index.

The investment funds that invest directly in an underlying fund don’t invest directly in derivatives. Most of the other investment funds may use derivatives for hedging or reducing risk. They may also use derivative instruments for non-hedging purposes in order to invest indirectly in securities or financial markets and gain exposure to other currencies, provided the use of derivative instruments is consistent with the investment funds’ investment objectives. The investment manager may not use derivatives for leverage or pledge the fund’s assets as part of any derivative transaction.

The use of derivatives carries several risks:

- When a derivative is used for hedging, if a market assumption is wrong, the investment fund could forego gains that it would have attained if it had not entered into the hedging arrangement. In addition, there is no guarantee that hedging will be effective and that it will eliminate or reduce a loss or exposure that it was designed to hedge.
- When a derivative is used for non-hedging purposes, it may expose the investment fund to volatility and other risks that affect the underlying market. Any losses that the investment fund may incur as a result of investing in derivatives may be greater than if the investment fund had invested in the underlying security itself.
- An investment fund may be unable to “close out” a position to achieve the intended result if trading in a derivative is halted, or if the market for it becomes illiquid or is subject to trading limits.
- The price of a derivative may not accurately reflect the value of the underlying security.
- Many types of derivative contracts involve contracts with third parties. The other party to a derivative contract may not be able to honour its obligations under the contract. In addition, if money has been deposited with a derivatives dealer, the dealer may go bankrupt and money deposited with the dealer will be lost.
- The Income Tax Act (Canada), or its interpretation, may change the tax treatment of derivatives.

Emerging markets risk

Emerging markets have the risks described under foreign currency risk and foreign investment risk. In addition, they are more likely to experience political, economic and social instability and may be subject to corruption or have lower business standards. Instability may result in the expropriation of assets or restrictions on payment of dividends, income or proceeds from the sale of a mutual fund’s securities. In addition, accounting and auditing standards and practices may be less stringent than those of developed countries resulting in limited availability of information relating to a mutual fund’s investments. Further, emerging market securities are often less liquid and custody and settlement mechanisms in emerging market countries may be less developed resulting in delays and the incurring of additional costs to execute trades of securities.

Environmental, Social and Governance (ESG) Investment Objective or Strategy risk

Some funds (or Underlying Funds) have fundamental investment objectives based on one or more ESG criteria or use ESG criteria as a specific component of their investment strategies. Employing ESG criteria in a fund’s investment objectives or strategies may limit the types and number of investment opportunities available and, as a result, a segregated fund or an underlying fund, may perform differently compared to similar funds that do not focus on ESG or do not include the same ESG criteria in their investment objectives or as a specific investment strategy. Funds (or Underlying Funds) that apply ESG criteria in their investment process may forgo opportunities to buy certain securities when it might otherwise be economically advantageous to do so, or may sell securities for ESG reasons when it might otherwise be economically disadvantageous to do so. Furthermore, ESG criteria are subject to uncertainty, discretion and subjective application. The determination of the ESG criteria to apply, and the ESG assessment of a company, industry or underlying fund by portfolio management team may differ from the criteria or assessment applied by a different team. As a result, the companies or Underlying Funds selected by the portfolio management team may not always reflect positive ESG characteristics or the ESG values of any particular investor. In addition, ESG assessments (particularly with respect to climate change) may be in whole or in part based on data that is limited in quantity, unavailable or inconsistent across sectors, and/or that is subject to numerous assumptions, estimates and judgements. This data may be subject to change or prove to be inaccurate or incorrect. ESG data is constantly changing and evolving as standards of disclosures and data, regulatory frameworks and industry practice evolve.

ETF risk

A segregated fund may invest in a fund whose securities are listed for trading on an exchange (an “exchange traded fund” or “ETF”). The investments of ETFs may include stocks, bonds, commodities and other financial instruments. Some ETFs, known as index participation units (“IPUs”) attempt to replicate the performance of a widely-quoted market index. Not all

ETFs are IPUs. While investment in an ETF generally presents the same risks as investment in a conventional segregated fund that has the same investment objectives and strategies, it also carries the following additional risks, which do not apply to investment in conventional segregated funds:

- The performance of an ETF may be significantly different from the performance of the index, assets, or financial measure that the ETF is seeking to track. There are several reasons that this might occur, including that ETF securities may trade at a premium or a discount to their value or that ETFs may employ complex strategies, such as leverage, making tracking with accuracy difficult.
- An active trading market for ETF securities may fail to develop or fail to be maintained.
- There is no assurance that the ETF will continue to meet the listing requirements of the exchange on which its securities are listed for trading.

Also, commissions may apply to the purchase or sale of ETF securities. Therefore, investment in ETF securities may produce a return that is different than the change in the NAV of these securities.

Extreme market disruptions risk

Certain extreme events, such as natural disasters, war, civil unrest, terrorist attacks, and public health crises like epidemics, pandemics or outbreaks of new infectious diseases or viruses (including, the novel coronavirus (COVID-19)) can materially adversely affect a segregated fund’s business, financial condition, liquidity or results of operations. Future infectious disease outbreaks could also have similar unforeseen consequences. If an extreme event, such as a pandemic, persists for a prolonged period of time, it may be difficult to predict how a fund may be affected. Public health crises, such as the COVID-19 outbreak, may heighten other pre-existing political, social, and economic risks in certain countries or globally. The funds may invest in certain geographic areas that have experienced acts of terrorism, territorial disputes, historical conflicts, etc., which have resulted in strained international relations. Specifically, as a result of the conflict between Russia and Ukraine, certain countries have implemented economic sanctions against Russia and may impose further restrictive actions against governmental or other entities in Russia or elsewhere. These situations may cause uncertainty and have an adverse impact on the markets and economies on such geographic areas. All such extreme events may impact the segregated fund performance.

Foreign currency risk

The net asset value of a segregated fund is calculated in Canadian dollars. Foreign investments are generally purchased in currencies other than Canadian dollars. When foreign investments are purchased in a currency other than Canadian dollars, the value of those foreign investments will be affected by changes in the value of the Canadian dollar relative to those currencies. If the Canadian dollar rises in value relative to the other currency but the value of the foreign investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the Canadian dollar has fallen relative to the other currency, the value of an investment in Canadian dollars will have increased.

Foreign investment risk

The value of an investment in a foreign issuer depends on general global economic factors and specific economic and political factors relating to the country or countries in which the foreign issuer operates. The regulatory environment in some foreign countries may be less stringent than in Canada, including legal and financial reporting requirements. There may also be less information available with respect to foreign companies. Further, the legal systems of some foreign countries may not adequately protect investor rights and laws may change without sufficient warning. Stock markets in foreign countries may have lower trading volumes and sharper price corrections. Some or all of these factors could make a foreign investment more volatile than a Canadian investment.

Certain countries might be politically and socially unstable, and religious and regional tensions may exist. Other risks could include nationalization, expropriation, or the imposition of currency controls. In foreign economies, instability, government influence, a lack of publicly available information, and trade tariffs or protectionist measures with trading partners may also lead to market inefficiency, volatility and pricing anomalies. Consequently, due to these risks and others, the value of foreign investments and the value of the funds that hold them may change rapidly and to a greater degree than Canadian investments.

High Yield Securities risk

Funds may be subject to high yield securities risk. High yield securities risk is the risk that securities that are rated below investment grade or are unrated at the time of purchase may be more volatile than higher-rated securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk than higher-rated securities. The value of high yield securities can be adversely affected by overall economic conditions, such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price or to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies or by highly leveraged firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal.

Index risk

Some segregated funds may seek to have all or a portion of their returns linked to the performance of an index. Segregated funds that track an index invest in the same securities and in approximately the same proportion as the market index being tracked. As a result, the net asset value of a segregated fund that is managed to track an index will fluctuate in approximately the same proportion as the index.

Interest rate risk

Interest rates have an impact on a whole range of investments. Interest rates impact the cost of borrowing for governments, companies and individuals, which in turn impacts overall economic activity. Interest rates may rise during the term of a fixed income investment. If interest rates rise, then the value of that fixed income investment generally will fall. Conversely, if interest rates fall, the value of the investment will generally increase.

Fixed income securities with longer terms-to-maturity are generally more sensitive to interest rate changes than those of shorter terms-to-maturity. The cash flow from debt instruments with variable rates may change as interest rates fluctuate. Changing interest rates can also indirectly impact the share prices of equity securities. When interest rates are high, it may cost a company more to fund its operations or pay down existing debt. This can impair a company's profitability and earnings growth potential, which can negatively impact its share price.

Conversely, lower interest rates can make financing for a company cheaper, which can potentially increase its earnings growth potential. Interest rates can also impact the demand for goods and services that a company provides by impacting overall economic activity.

Large transaction risk

The units of the segregated funds may be held by large investors, including other segregated funds who participate in an asset allocation program or model program. Independently or collectively, these other parties from time to time purchase, hold or redeem a large proportion of the units of the segregated funds. A large purchase of a segregated fund's units will create a relatively large cash position in that segregated fund's portfolio. The presence of this cash position may adversely impact the performance of the segregated fund, and the investment of this cash position may result in significant incremental trading costs, which are borne by all of the investors in the segregated fund.

Conversely, a large redemption of a segregated fund's units may require the segregated fund to sell portfolio investments so that it can pay the redemption proceeds. This sale may impact the market value of those portfolio investments and result in significant incremental trading costs, which are borne by all of the investors in the segregated fund, and it may accelerate or increase the payment of capital gains distributions.

Legislation risk

Securities, tax, or other regulators may make changes to legislation, rules, and administrative practice. Those changes may have an adverse impact on the market value of a segregated fund.

Liquidity risk

A segregated fund may hold up to 10% of its net assets in illiquid investments. Liquidity refers to the speed and ease with which an investment can be sold and converted into cash at a reasonable price. If an investment cannot be quickly or easily sold, it is considered illiquid. A security is illiquid if it cannot be sold at an amount that at least approximates the amount at which the security is valued. Illiquidity can occur (i) if the securities have sale restrictions; (ii) if the securities do not trade through normal market facilities; or (iii) if there is simply a shortage of buyers; or for other reasons. In highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. Illiquid securities are more difficult to sell, and a segregated fund or underlying fund may be forced to accept a discounted price.

Some high-yield debt securities, which may include but are not limited to security-types commonly known as high-yield bonds, floating rate debt instruments and floating rate loans, as well as some fixed income securities issued by corporations and governments in emerging market economies, may be more illiquid in times of market stress or sharp declines. In addition, the liquidity of individual securities may vary widely over time. Illiquidity in these instruments may take the form of wider bid/ ask spreads (i.e., significant differences in the prices at which sellers are willing to sell and buyers are willing to buy that same security). Illiquidity may take the form of extended periods for trade settlement and delivery of securities. In some circumstances of illiquidity, it may be more difficult to establish a fair market value for particular securities, which could result in losses to a fund that has invested in these securities.

Over time, the liquidity of individual securities may change, and securities that were previously liquid may suddenly and unexpectedly become illiquid. Causes of illiquidity may include general economic and political conditions or factors specific to an individual security. General conditions include sudden interest rate changes or severe market disruptions, whereas specific factors could include changes in management, strategic direction, competition, mergers/acquisitions, etc. These impacts may affect the performance of the Funds, the performance of the securities in which the Funds invest and may lead to an increase in the redemptions experienced by the Funds (including redemptions by large investors; see "**Large Transaction Risk**").

Market risk

There are risks associated with being invested in the equity and fixed-income markets generally. The market value of a segregated fund's investments will rise and fall based on specific company developments and broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based.

New fund risk

The performance of a new segregated fund, which we consider as being offered for less than 12 months, may not represent how it is expected to perform in the longer term if and when it accumulates larger assets and/or it has fully implemented its investment strategies. The investment positions of a new segregated fund may have a disproportionate impact, either positive or negative, on its performance. New segregated funds may also require a period of time before they are fully invested in a representative portfolio that meets their investment objectives and strategies. A new segregated fund's performance may be more volatile during this "ramp-up" period than it would be after it is fully invested; similarly, the investment strategies of a new segregated fund may require a longer period of time to attain representative returns. New segregated funds have limited performance histories for investors to evaluate and they may not attract sufficient assets to achieve investment and trading efficiencies. If a new segregated fund failed to successfully implement its investment objective or strategies, performance may be negatively impacted, and any resulting redemptions could create larger transaction costs for the segregated fund and/or tax consequences for investors.

Portfolio manager risk

A segregated fund is dependent on its portfolio manager to select its investments. A balanced fund or an asset allocation fund is also dependent on its portfolio manager to decide what proportion of the segregated fund's assets to invest in each asset class. Segregated funds are subject to the risk that poor security selection or asset allocation decisions will cause a segregated fund to underperform relative to its benchmark or other funds with similar investment objectives.

Real estate risk

The Real Estate Fund is the only investment fund that invests directly in real estate. Portfolio funds invest in the Real Estate Fund. The Real Estate Fund, and investment funds that invest in the Real Estate Fund, could experience a delay when a withdrawal request is made due to the relative illiquidity of its real estate holdings.

Real estate by nature is not a liquid asset. 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 real estate investments 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 policyowners who want to redeem their units. The fund will keep enough cash on hand to be able to pay for the normal amount of withdrawal requests in a timely manner. However, withdrawals may be suspended during any period that the investment fund does not have sufficient cash or readily marketable securities to meet requests for withdrawals. For more information, see *When the redemption of your units may be delayed*.

The unit value of the Real Estate Fund will vary with changes in the real estate market and in the appraised values of the properties the fund holds. The value of real estate investments can vary with competition, how attractive the property is to tenants and the level of maintenance. The timing of the annual appraisal may also affect the value of the fund units.

The Real Estate Fund should be considered as a long-term investment and is not suitable for investors who may need to quickly convert their holdings to cash.

In the event the Real Estate Fund is dissolved, policyowners may receive less than the unit value because the unit value is based on appraisals, which may be greater than the amounts received upon the sale of properties pursuant to a liquidation.

Securities lending, repurchase and reverse repurchase transaction risk

In securities lending transactions, the investment fund lends its portfolio securities to another party (often called counterparty) in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the investment fund sells its portfolio securities for cash while at the same time it assumes an obligation to repurchase the same securities for cash, usually at a lower cost, at a later date. In a reverse repurchase transaction, the investment fund buys securities for cash while agreeing to resell the same securities for cash, usually at a higher price, at a later date. Below are some of the general risks associated with entering into securities lending, repurchase and reverse repurchase transactions:

- When entering into securities lending repurchase and reverse repurchase transactions, the investment fund is subject to the credit risk that the counterparty may default under the agreement and the investment fund would be forced to make a claim in order to recover the investment.
- When recovering its investment on a default, the investment fund could incur a loss if the value of the securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the investment fund.
- Similarly, an investment fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the investment fund to the counterparty.

Senior loans risk

The risks associated with senior loans are similar to the risks of high yield bonds, although senior loans are typically senior and secured, whereas high yield bonds are often subordinated and unsecured. Investments in senior loans are typically below investment grade and are considered speculative because of the credit risk of their issuers. Historically, such companies have been more likely to default on their payments of interest and principal owed than companies that issue investment grade securities, and such defaults could reduce the net asset value of the Funds. These risks may be more pronounced in the event of an economic downturn. Under certain market conditions, the demand for senior loans may be reduced, which may, in turn, reduce prices. No active trading market may exist for certain senior loans, which may impair the ability of a holder of a senior loan to realize full value in the event of the need to liquidate such asset. Adverse market conditions may impair the liquidity of some actively traded senior loans. Although these loans are generally secured by specific collateral, there can be no assurance that such collateral would be available or would otherwise satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In these circumstances, the holder of a loan may not receive payments to which it is entitled. Senior loans may also be subject to certain risks due to longer settlement periods than the settlement periods associated with other securities. Unlike equities trades, there is no central clearinghouse for loans, and the loan market has not established enforceable settlement standards or remedies for failure to settle. This potentially longer settlement timeline may create a mismatch between the settlement time for a senior loan and the time in which an investment fund holding the senior loan as an investment must settle redemption requests from its investors.

Short selling risk

Certain funds may engage in a disciplined amount of short selling. A short sale is when a fund borrows securities from a lender and then sells the borrowed securities in the open market. At a later date, the segregated fund must repurchase the securities in order to return them to the lender. In the interim, the segregated fund must pay compensation to the lender for the loan of the securities and provide collateral to the lender for the loan. Short selling involves certain risks:

- There is no assurance that the borrowed securities will decline in value during the period of the short sale by more than the compensation paid to the lender, and securities sold short may instead increase in value.
- A segregated fund may experience difficulties in purchasing and returning borrowed securities if a liquid market for the securities does not exist at that time.
- A lender may require a segregated fund to return borrowed securities at any time. This may require the segregated fund to purchase such securities on the open market at an inopportune time.
- The lender from whom a segregated fund has borrowed securities, or the prime broker who is used to facilitate short selling, may become insolvent and the segregated fund may lose the collateral it has deposited with the lender and/or the prime broker.

Where a fund engages in short selling it adheres to controls and limits that are intended to offset these risks by selling short only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The fund also deposits collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Although segregated funds may not themselves engage in short selling, they may be exposed to short selling risk because the underlying funds in which they invest may be engaged in short selling.

Small fund risk

The performance of a segregated fund with relatively small assets, which we consider typically as below $20 million, may not represent how it is expected to perform in the longer term if and when it accumulates larger assets. The investment positions of a smaller segregated fund may have a disproportionate impact, either positive or negative, on its performance. Smaller segregated funds may also require a period of time before they are fully invested in a representative portfolio that meets their investment objectives and strategies. A smaller segregated fund’s performance may be more volatile during this “ramp- up” period than it would be after it is fully invested; similarly, the investment strategies of a smaller segregated fund may require a longer period of time to attain representative returns. If a smaller segregated fund failed to successfully implement its investment objective or strategies, performance may be negatively impacted, and any resulting redemptions could create larger transaction costs for the segregated fund and/or tax consequences for investors.

Smaller company risk

Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Securities of smaller companies are usually traded less frequently and in smaller volumes than those of large companies. Smaller companies may have limited financial resources, and a less established market for their securities. Segregated funds that invest a significant portion of their assets in small companies are subject to smaller company risk and may find it more difficult to buy and sell securities and tend to be more volatile than segregated funds that focus on larger capitalization companies.

Sovereign risk

Sovereign risk is the risk that a foreign nation will either fail to meet debt repayments nor honour sovereign debt payments. This may be more prevalent in foreign markets that experience great political, social or economic instability. It also includes the risk that a foreign central bank will alter its foreign exchange regulations, significantly reducing or completely nullifying the value of its foreign exchange contracts.

Specialization risk

If a segregated fund invests only in specific countries, or in particular types of securities, or in specific markets, the fund’s ability to diversify its investments may be limited. This limited diversification may mean that the segregated fund can’t avoid poor market conditions, causing the value of its investments to fall.

Underlying fund risk

Certain segregated funds may invest substantially all of their assets in one or more underlying fund(s). The performance of a segregated fund that invests in an underlying fund may differ from the performance of the fund(s) in which it invests in. The fees and expenses of the segregated fund may differ from the fees and expenses of the fund(s) in which it invests.

Fund Facts

Fund Facts provides detailed information for each segregated fund under the contract and are available to you in the *Fund Facts* booklet which is provided with this information folder. You can choose to invest in one or more of these funds.

The individual *Fund Facts* give you an idea of what each segregated fund invests in, how it has performed and what fees or charges may apply.

The description of each segregated fund in the individual *Fund Facts* is not complete without the following description of *What if I change my mind?* and *For more information*.

What if I change my mind?

You can change your mind and cancel the segregated fund policy, the initial pre-authorized chequing premium or any lump-sum premium you apply to the policy by telling us in writing within two business days of the earlier of the date you received confirmation of the transaction or five business days after it was mailed to you.

Your cancellation request has to be in writing, which can include email or letter. The amount returned will be the lesser of the amount of the premium being cancelled or the market value of the applicable units acquired on the day we process your request. The amount returned only applies to the specific transaction and will include a refund of any sales charges or other fees you paid.

For more information

The *Fund Facts* may not contain all the information you need. Please read the contract and the information folder or you may contact us at:

The Canada Life Assurance Company
255 Dufferin Ave
London ON N6A 4K1

Web: **canadalife.com**

Email address: **isp_customer_care@canadalife.com**

Phone: 1-888-252-1847

Glossary of terms

This section provides an understanding of some of the terms used in this information folder.

Administrative rules

Internal rules that govern our operations, including policies, guidelines, rules and practices of Canada Life, which can change at our sole discretion, without notice.

Annuitant

The annuitant is the individual on whose life the maturity and death benefit guarantees are based. The annuitant can be you, the policyowner, or an individual whom you designate.

Beneficiary

The beneficiary is the person, persons or entity appointed to receive any amounts payable after the last annuitant's death. If there is no living beneficiary, we will pay the death benefit to the policyowner's estate.

Capital gains

The profit that results when an asset is sold for more than its purchase price.

Capital loss

The loss that results when an asset is sold for less than its purchase price.

Diversification

Investing in a number of different securities, companies, industries or geographic locations to attempt to reduce the risks inherent in investing.

Fund Facts

Fund Facts provides detailed information about the fund. Fund Facts are provided in a separate booklet along with this information folder.

Guarantee death benefit

The minimum amount to be received by a beneficiary, or if there is no beneficiary to the policyowner's estate, upon the death of the annuitant.

Investment management fee

The amount charged for supervising a fund and administering its operations. This fee is a component of the MER.

Life income fund (LIF) or restricted LIF

A LIF is established by the transfer of locked-in pension assets from a pension plan, a locked-in RSP, LIRA or RLSP.

Locked-in plans

When used in reference to an RSP or pension plan, "locked in" means an account in which accumulated benefits can only be used to purchase retirement income as specified by pension regulations.

Load

Commissions that may be charged when you buy or sell certain funds.

Locked-in retirement account (LIRA)

A LIRA, also known as a locked-in RSP, is a registered retirement savings plan from which, generally, funds cannot be redeemed except for the purchase of a life annuity, LIF, PRIF (where available) or a LRIF (where available). A LIRA is only available until the end of the year in which you turn 71 (or such other age as the tax legislation then in effect may provide).

Locked-in retirement income fund (LRIF)

A plan available only in certain provinces for locked-in pension funds. These plans work the same way as a RIF, but there are maximum and minimum payment requirements. A LRIF may be converted to a life annuity at any age, but it is not necessary to do so.

Management expense ratio (MER)

The MER is the total of the annual investment management fee and operating expenses paid by the investment fund and is expressed as an annualized percentage of daily average net assets during the year.

Maturity guarantee

The minimum amount to be received by the policyowner upon maturity of the contract.

Policyowner

The policyowner is the individual who is the legal owner of the policy. One or more individuals may own non-registered policies. Registered policies can only be owned by one individual. All policy information is sent to the policyowner.

Prospectus

A document that contains a wide variety of information about a mutual fund's investment objectives, the fund managers, how income is distributed, costs, rights, tax issues and risk factors. It is important to read the prospectus carefully to gain a thorough understanding of the fund.

Retirement income fund (RIF or RRIF)

A tax deferral vehicle available to RRSP holders. The plan holder invests the funds in the RRIF and must withdraw a certain amount each year. Income tax would be due on the funds withdrawn.

Retirement savings plan (RSP or RRSP)

A vehicle available to individuals to defer tax on a specified amount of money to be used for retirement. The holder invests money in one or more of a variety of investment vehicles which are held in trust under the plan. Income tax on contributions and earnings within the plan is deferred until the money is withdrawn at retirement. RRSPs can be transferred into registered retirement income funds (RRIFs).

Spousal retirement savings plan (Spousal RRSP)

An RRSP registered in the name of your spouse (as defined by the *Income Tax Act*). You deduct the annual contribution from earned income (the maximum is your contribution limit minus your personal RSP contributions) and your spouse receives the eventual income generated. The *Income Tax Act*'s definition of "spouse" includes common-law spouses in certain circumstances. You should note that the amount you may contribute to your own registered savings plan(s) is reduced by the amount you contribute to a spousal RRSP. Moreover, if your spouse makes withdrawals from the plan within three years of deposit, there are tax implications for you.

Underlying fund

A underlying fund is a secondary fund in which some of our funds may invest. You do not become a unitholder of the underlying fund.

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